

ATTACHMENT

Local Resource Adequacy Requirements Phase 1 Staff Report

***Prepared in Support of R.05-12-013
by the Staff of the
California Public Utilities Commission
and the California Energy Commission***

April 10, 2006

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Introduction

The purpose of this Staff Report is to provide an outline for comments in Phase 1 of R.05-12-013, the California Public Utilities Commission's (CPUC's or Commission's) Local Resource Adequacy Requirements (Local RAR) proceeding. The Staff Report attempts to describe how the Commission's local resource adequacy program will work. Based on filings and workshops, the Staff Report identifies consensus positions when possible, and otherwise offers a staff proposal, which has been informed by the workshop and comment process to date. A few important notes on this Staff Report:

- Parties should use the numbering (outline) system from this report when then file comments and reply comments in this proceeding. Although occasionally explicitly stated, the idea that "*Parties should comment on the issues mentioned herein.*" is implicit throughout the entire document.
- Additional or omitted issues may be added to the end of each related section, so long as they are within the scope of Phase 1 of R.05-12-013.
- With the exception of Section I.A., parties may comment on all issues in this document on April 18, and reply comments on April 25, 2006. Parties may comment on Section I.A. on April 28, 2006 and replies on May 3, 2006.
- The Staff Report is not a final decision, and it does not speak for the Commission. The report often states that the staff "proposes" and "expects" the Commission to take certain actions—but it is not a Commission decision on any of the issues. Instead, the Staff Report is intended to elicit comments in order to inform the Commission and help the Commission make its decision. If there are errors and omissions in

various parts of the Staff Report—parties’ comments will clarify and improve the record available to the Commission.

The Commission stated its intention in the December 15, 2005 Order Instituting Rulemaking (R.05-12-013) to adopt a Local RAR program, in addition to the to system Resource Adequacy Requirements (System RAR) program adopted in D.05-10-042 and D.04-10-035. The purpose of a Local RAR program is to ensure sufficient local generation capacity is contracted for and is available to the California Independent System Operator (CAISO) to meet local reliability needs. The R.05-12-013 proceeding has been divided into phases, with various issues to be addressed in each phase.¹ As noted in the Scoping Memo, one purpose of Phase 2 of R.05-12-013 is to consider capacity markets, and while parties have mentioned capacity markets consistently throughout the comments and in the workshops held² on February 8th and 9th, and March 7th, 15th, and 27th, the issue of capacity markets is not discussed in this Staff Report since it is not currently under consideration for adoption in Phase 1 of R.05-12-013.

The goal of a Local RAR program is to ensure there is enough generation available within local load pockets (or “local areas”) so that the CAISO can respond to various changes or “contingencies” that occur on the transmission system and thereby preserve reliability. Local load pockets are defined by physical transmission constraints that limit the amount of transmission that can be transferred into or out of the load pocket, compared to the load demand within the area. If the transfer capability into the local load pocket is less than the load demand in the area, then, depending on reliability criteria, LSEs may

¹ See Scoping Memo, March 1, 2006, available at <http://www.cpuc.ca.gov/PUBLISHED/RULINGS/54059.htm>.

² The workshops on February 8th and 9th, and March 15th were transcribed. The record of those workshops is fully available to this proceeding record.

need to procure enough capacity within the local load pocket to satisfy the load demand. This minimum amount of capacity is referred to as the local capacity requirement (LCR).

The CAISO proposes to identify local load pockets for 2007 in its 2007 LCR study. The CAISO's 2007 LCR study should also identify the amount of capacity that the CAISO believes is necessary to meet the LCR in each of its identified for local load pockets. The CAISO has agreed to provide both a "high," "low," and "intermediate" LCR for each local load pocket, based on various levels of reliability.³ After an opportunity for parties to comment on the 2007 LCR study, the Commission will adopt a Local Resource Adequacy Requirement (Local RAR), based upon the Commission's assessment of the appropriate level of reliability, balanced against the costs of such reliability, so that California ratepayers do not pay for "reliability at any cost." The Commission is expected to establish a Local RAR for all CPUC-jurisdictional LSEs for 2007. The defined local areas are intended to remain relatively stable over time, but local area boundaries would be updated to accommodate changes to the transmission system, changes in the availability of generation, and changes in load in the local load pockets.

Throughout the entirety of this document, the staff use the term "Local Capacity Requirement (LCR)" to refer to the CAISO's requirement and/or the

³ See CAISO's "Report of the California Independent System Operator Summarizing the Meet and Confer Process to Develop Study Input Assumptions", February 22, 2006, p.7. "As agreed-upon by the parties at the meet and confer session and to help evaluate the sensitivity of the contingency criteria as expressed by performance levels, the CAISO will publish the LCR based on Performance Level B and Performance Level C criterion, yielding the low and high range LCR scenarios. In addition, the CAISO will incorporate all projects operational on or before June 1, 2007 all all other feasible operational solutions brought forth by the PTOs and as agreed to by the CAISO. Such solutions that can reduce the need for procurement to meet the Performance Level C criteria will be incorporated into the LCR study and the resulting LCR published for this third scenario. This will represent the medium-range scenario."

CAISO's study. The staff use the term "Local RAR" to refer to the Commission's requirement and/or program. Local RAR is distinct from "System RAR", which has commonly been referred to as just "RAR". The Commission's Resource Adequacy (RA) program will be both the system RAR and the Local RAR (as adopted).

I. Local Resource Adequacy Requirements

The following Local RAR proposal is for 2007 Local RAR, and may need to be changed for 2008 and beyond.

I. A. Local Capacity Requirements (LCR)

Parties may comment on all issues in Section I.A. on April 28, 2006, and reply comments on May 3, 2006.

I. A. 1. CAISO's LCR Study Preparation and Release

The CAISO submitted its 2006 LCR to R.04-04-003 on September 23, 2005, and the Commission was unable to act on it in its October 2005 Resource Adequacy Order. The CAISO's 2006 study was submitted to R.05-12-013, with some additional materials on January 31, 2006. The CAISO issued a market notice (but has not submitted to this proceeding's record) regarding revisions to its CAISO's 2006 LCR study on March 27, 2006. The CAISO's "updated 2006 results" are available from its website.⁴

As mentioned in the Introduction above, the California Independent System Operator (CAISO) is currently preparing a study on the 2007 local capacity requirements (LCR). The 2007 LCR study will identify each locally

⁴ For CAISO's March 27, 2006 Local Capacity Technical Analysis, see <http://www.caiso.com/17c6/17c6a16019910.html>.

constrained area in the CAISO control area by transmission constraints, using 2007 load and resource information. The staff expects that the 2007 LCR study will be released no later than April 21, 2006. The CAISO has announced it will host a meeting in Folsom, CA on April 26, 2006 to review the study.⁵

The CAISO is expected to perform yearly studies hereafter to identify local load pockets with insufficient transmission capability to meet peak load needs. The CAISO identified nine local load pockets in its preliminary 2006 LCR study, although changes in load, generation, and transmission may change the results of the 2007 LCR study.

The CAISO 2006 LCR study is anticipated to provide a list of generators that meet reliability needs in each local area. We currently understand that in some areas, almost every generation unit is needed to meet local reliability needs; in other areas approximately 70% of generation units are needed. The staff would appreciate if the CAISO could identify the MW and owners of the units identified as qualifying capacity in local areas.

I. A. 2. Key Issues in LCR Study

The key issues for the Commission's consideration prior to the adoption of the recommendations in the 2007 LCR study are the appropriateness of: (a) the input assumptions used to develop the 2007 LCR study, including the transmission system configuration, generation, and load forecasts; (b) the 2007 LCR study methodology, including maximization of import capability, the status

⁵ The CAISO issued an email to the service list of R.05-12-013 on March 16, 2006 that it would host a meeting on April 26, 2006, which included the following text: "The California ISO will be hosting a meeting on 4/26/06 from 10:00 a.m. to 4:00 p.m. in the ISO boardroom to discuss the results of its 2007 Local Capacity Requirements Technical Analysis. Please contact Charity Wilson at cwilson@caiso.com or 916-608-7147 if you would like to attend this meeting. Replies should be received no later than Friday, April 21, 2006."

of all “must-take” units, maintaining path flows, and NERC Performance Level Criteria; and (c) the definition of the load pocket (i.e. fixed boundaries based on transmission constraints or some other method based on effectiveness).

The staff expects that the CAISO’s proposed LCR for each local load pocket will include consideration for non-generation resources, including operational responses to contingencies identified in the 2007 LCR study (such as short-term equipment upgrades, reevaluation of line ratings, and demand response), as well as load shedding options. The CAISO study should indicate how these non-generation resources have been accounted for in the LCR for each local load pocket.

The staff expects that the CAISO’s 2007 LCR study will identify the amount of capacity that the CAISO believes is necessary to meet the LCR in each of its identified for local load pockets, and subareas, if necessary. The CAISO has agreed to provide both a “high,” “low,” and “intermediate” LCR for each local load pocket, based on various levels of reliability (N-1, N-1-1, etc.). The staff also expects the CAISO study will include some range of generator effectiveness. (See also Section I.B.4, I.B.5, and I.B.7 for more discussion of generator effectiveness.)

As noted above, the staff expects that the 2007 LCR report will show various levels of reliability. Parties may comment on the differences between the levels of reliability shown in the LCR report.

The staff expects the CAISO study will include information about the size of each unit within the local area, as well as the ownership status of the unit. The 2006 LCR study methodology assumed a large number of units are “must-take” and “muni” units in the local areas, so these units should be identified as “must take” or “muni” in the list of qualified capacity available to meet the local capacity requirement.

I. A. 3. CPUC Adoption of a 2007 Local RAR

Based upon its own review and comments filed in response to the CAISO 2007 LCR study, the staff expects the Commission will adopt a 2007 Local RAR for each local area in its Phase 1 decision in R.05-12-013. In reaching this determination, Commission has stated it will consider the “costs and benefits of alternative approaches to reliability criteria used to define the local obligation” in its adoption of the 2007 Local RAR amounts for each local area. (D.05-12-042, p. 81)

I. A. 4. CPUC Adoption of 2008 Local RAR and Beyond

The CPUC will not adopt a 2008 Local RAR for each local area in its Phase 1 decision in R.05-12-013. The CPUC decision will only adopt a 2007 Local RAR. This limitation is so for a few key reasons. First, the CPUC will only have a 2007 LCR study to review, and not a 2008 study. Thus, there will be no record upon which to base a 2008 Local RAR. Second, because the CPUC’s Resource Adequacy program is in transition (and a new CAISO market design is scheduled to be implemented in 2007), the timing and assumptions for any 2008 LCR study will likely require revision to meet the evolving needs of the CPUC, stakeholders, and market participants.

The original Joint IOU Proposal⁶ suggested that local areas be defined for a period of time greater than one year. Because the CPUC is not going to consider adopting a Local RAR for 2008 or beyond, this issue should be considered when the Commission turns to consideration of a 2008 LCR study.

⁶ The Joint IOU Proposal was filed on January 24, 2006 in R.05-12-013. The proposal was modified and expanded in comments filed in the same docket on March 13, 2006.

Numerous parties suggested that the LCR study cycle should occur concurrent with the Grid Planning Process. In fact, the Joint IOU proposal suggests that the Grid Planning Process may be adapted to produce an annual LCR report in lieu of the CAISO producing the report through some other process or division, as currently occurs.

The staff agrees that the Commission and the CAISO must create a schedule that provides adequate time for market participants to meet their RAR, while balancing the need for LSE compliance filings to be submitted to the relevant state agencies with sufficient time for review. The CPUC should establish a timeline for meeting the RAR. Below is a straw proposal for the next schedule.

Proposed Schedule for 2008 Local RAR

December 2006	PTOs submit base cases to CAISO
February 2007	CAISO releases 2008 LCR study
March 2007	Parties comment on 2008 LCR study
May 2007	CPUC reviews CAISO's 2008 LCR study and Commission adopts Local RAR for 2008
June 2007	CPUC allocates 2008 Local RAR to all LSEs
October 1, 2007	LSEs file Local RAR showing and "Year-Ahead" System RAR
November 1, 2007	CAISO analyzes demonstrations for "residual" needs due to effectiveness factors and reports back to LSEs
December 1, 2007	LSEs demonstrate any additional procurement of "residual" through revised Local RAR, year ahead System RAR, and even December 2007 monthly System RAR, after which time the CAISO may engage in backstop procurement to resolve

Local RAR deficiencies. (Date could be adjusted to coincide with monthly showing date.)

I. A. 5. Zonal Capacity Requirement (ZCR)

As noted in the Phase 1 Scoping Memo in R.05-12-013, the CPUC is not considering adoption of a 2007 zonal capacity requirement for CPUC-jurisdictional LSEs in its Phase 1 decision in R.05-12-013. The issue has been slated to be discussed in Phase 2. No comments need to be provided on this topic.

I. B. Local Resource Adequacy Requirements (Local RAR)

Parties may comment on all issues in Section I.B. (and onwards) on April 18, 2006, and reply comments on April 25, 2006.

I. B. 1. Adoption of a Local RAR Annually

By June 2006, the staff expects the Commission will adopt a 2007 Local RAR. The Local RAR will be informed by the CAISO 2007 LCR study, and comments on that LCR study. The staff expects that the Commission will announce its intention to initiate a subsequent proceeding (an OIR or some other process) to determine future Local RAR amounts for years 2008 and beyond. Although there are some cases where the Commission makes upfront determinations on a methodology and delegates authority to staff – the staff does not expect annual Local RAR to be determined this way (at least not yet).

The staff expects the Commission will also adopt geographic definitions of the local areas for 2007, and by extension, the Commission will identify which units (qualified capacity) can be used to fulfill the Local RAR demonstration in 2007.

The staff expects that the Commission will need to announce its intention to adopt a 2008 Local RAR prior to the September 2007 Local RAR showing. Staff expects that the process of adopting 2008 Local RAR (and by extension, identifying qualified capacity for meeting the Local RAR showing) will be an annual process. While it may further many goals of simplicity and certainty to adopt a multi-year approach to Local RAR, there are also benefits to maintaining an annual process. First, transmission and generation systems are constantly evolving, and the LCR analysis should keep pace with those changes. Second, setting an LCR annually may encourage generators to seek out multi-year contracts if there is some possibility that they may not be designated as within a local area in future years.

I. B. 2. Allocation of Local RAR to CPUC-jurisdictional LSEs

The CPUC must address how the LCR is going to be translated into a CPUC-jurisdictional LSE obligation to procure resources, and allocated among CPUC-jurisdictional LSEs as Local RAR. Defining Local RAR obligation by proportion of load served in existing IOU distribution service area, provides administrative simplicity, as there are significant obstacles to identifying which load is located in each particular local load pocket. Thus, staff expects that for 2007, every CPUC-jurisdictional LSE will have a Local RAR in each IOU distribution service territory in which it serves load. Every such LSE will be required to contract with Resource Adequacy (RA) qualifying resources within the defined local areas in order to meet its Local RAR. Each LSE's Local RAR will be a percentage of the total Local RAR adopted by the CPUC (*which is informed by the CAISO's LCR study*), based on that LSE's forecasted peak load in

each IOU distribution service area. The forecasted peak load will be based on the same basic load forecasting process used to determine system RAR.

Staff notes that the formula for allocation noted above may need to be refined further as the percentage of CPUC-jurisdictional LSE peak load to Participating Transmission Owner (PTO) distribution service area peak load.⁷ The refinement to the PTO distribution area would allow the Commission's Local RAR program to account for the fact that non-CPUC-jurisdictional entities provide (and need to provide) some amount of the local resources. In the CAISO's 2006 LCR study, the muni resources were "taken off the top" of the LCR for each local area, therefore, only the remaining load and resources need to be allocated to CPUC-jurisdictional entities. The California Energy Commission (CEC) may need to ask for additional load forecasting information if the PTO service area (and not the IOU distribution service area) is used to calculate the Local RAR obligation.

If the staff proposal is adopted, an LSE's Local RAR can be derived as the following equation:

$$[\text{LSE IOU service area RAR} / \text{Total IOU service area RAR}] * \text{Total CPUC-Local RAR in IOU service territory} = \text{LSE Local RAR}.$$

"IOU service area RAR" means the total System RAR in that IOU distribution service area, and "LSE-1 SCE Service Area RAR" means the "System RAR that LSE-1 is responsible for in the SCE distribution service area".

⁷ The PTO service territories include non-CPUC jurisdictional entities, whereas the IOU distribution service areas do not include non-CPUC jurisdictional entities.

- ***Numerical Example 1***

LSE-1 SCE Service Area RAR =	100 MW in SCE's service area
SCE Service Area RAR ⁸ =	20,000 MW
LSE-1 as a % of total SCE Service Area RAR =	0.5% ($0.005=100/20,000$)
Total Local RAR in SCE-Service Area =	5,000 MW
LSE-1 Local RAR for SCE-Service Area=	25 MW ($=0.5\% * 5,000$)

If SCE's distribution service area has a total of 20,000 MW of RAR and the CPUC adopts a 5,000 MW local requirement to meet needs in the SCE service territory Local RAR, then LSE-1, which has 100 MW of load in the SCE service territory (and thus 0.5% of the load in the SCE service area), will be allocated a Local RAR obligation of 25 MW ($5,000 * 0.005$) for SCE's distribution service area.

- ***Exemption of Small LSEs***

Staff does not concur with AReM's suggest in its January 24th Proposal to exempt LSEs with a Local RAR obligation of less than 1 MW. Any LSE with less than 1 MW of Local RAR *per IOU distribution service area* should not be exempt from Local RAR in that distribution service area.

I. B. 3. Load Forecasting and Assignment Notification of Local RAR

The staff expects that the CEC, working in coordination with the CPUC's Energy Division, will calculate the Local RAR for each LSE, and notification will be made to the LSE via a letter. This notification will be done concurrently with

⁸ This line item is NOT the System RAR for SCE as an LSE.

the notice for the System RAR “year ahead” load forecast. The staff expectation is that this notice will be provided to LSEs on June 30, 2006.

AReM’s Comments on March 13th note the concern that the release of the load forecast information may not be compatible with the Phase 1 decision, thus delaying procurement for 2007. (p.11) This concern is not an issue so long as the Commission ultimately determines LSE responsibility for Local RAR is determined on the basis of LSE load shares in IOU distribution service areas, as proposed above. This concern may be an issue if the Commission decides that the LSE responsibility for Local RAR is determined on the basis of LSE load shares in the PTO area (instead of the IOU distribution area.)

I. B. 4. Aggregation of Local Areas

Several parties advocated aggregating or pooling the seven local areas identified in PG&E’s territory in the 2006 LCR Report. This aggregation concept has two components: (1) determining each LSE’s allocation of Local RAR based on its share of load in all of the local areas within one IOU distribution service area and (2) determining which qualifying capacity (generators) counts towards the Local RAR showing, if all the areas have been aggregated.

a) Staff Proposal for Aggregation for Determining Qualifying Capacity for Local RAR

For the purpose of determining each LSE’s allocation of Local RAR, the staff recommends that the Commission’s RA program aggregate all the local areas within a IOU distribution service area to derive one Local RAR for the entire IOU distribution service area, which shall then be allocated to LSE’s based upon their proportion of load in that service area. The seven local areas within an PG&E’s distribution service area would be aggregated as the “PG&E Local Areas”. Each LSE will have one Local RAR obligation in PG&E distribution

service area, and not seven separate Local RAR obligations in PG&E distribution service area.

This aggregation of Local RAR will obviate the need for LSEs to procure resources in every local area. Each LSE may simply procure qualifying local capacity, and the LSE's Local RAR will be aggregated at the IOU service area and met via qualifying capacity resources throughout the local areas within the IOU distribution service area. This aggregation will make the program administratively convenient. The staff also acknowledge that within each local areas, there may be subareas--- and the staff proposes that these sub areas area be likewise aggregated.

For the purposes of determining which qualifying capacity counts towards the Local RAR showing, staff proposes having all capacity located in any local load pocket within an IOU distribution service area count towards meeting the Local RAR requirement in that IOU distribution service area. It has been argued that aggregation will increase the size and depth of the market for local capacity, and thereby reduce market power. Staff recognizes the possibility that LSE's will procure more than the minimum required local capacity in some local areas, and fail to procure sufficient capacity in another local area. In that case, the CAISO will need to procure backstop local capacity to ensure that the minimum required generation is available in every local area.

This staff proposal takes a different approach than the Joint IOU proposal and the PG&E modified proposal. It interacts closely with market power issues discussed below. For this proposal to work, the price paid by CAISO backstop has to be less than the LSE's are willing to pay, especially in the local areas where most of the generation is needed. Otherwise the generators will have no incentive to deal with the LSEs. Conversely, the penalties for LSE non-

compliance have to be high enough that LSEs are not better off relying on CAISO backstop.

- ***Numerical Example 2***

LSE-2 PG&E Service Area RAR = 100 MW in PG&E's service area

PG&E Service Area RAR = 20,000 MW

LSE-2 as a % of total PG&E Service Area RAR = 0.5%

Local RAR in Local Area 1 in PG&E Service Area = 1,000 MW

Local RAR in Local Area 2 in PG&E Service Area = 2,000 MW

Local RAR in Local Area 3 in PG&E Service Area = 3,000 MW

Total Local RAR in PG&E Service Area = 8,000 MW

LSE-2 Local RAR for PG&E-territory= 40 MW ($0.5\% \times 8,000$)

If the local capacity requirement of all of the local areas in PG&E's territory equals 8,000 MW, then LSE-2 has a Local RAR of 40 MW ($8,000 \times .005$) in PG&E's service territory.

b) Joint IOU Proposal for Aggregation for Determining Local RAR allocation Qualifying Capacity

An alternative to the staff proposal for determining Local RAR allocation and determining which qualifying capacity counts towards the Local RAR showing is the Joint IOU Proposal. The Joint IOU proposal addressed this issue by splitting the PG&E service territory into two sections, one consisting of local areas where 95% of local generators are needed and one where less than 95% of local generators are needed. (See Joint IOU Comments, March 13, 2006 at p. 6) During the workshop process, PG&E announced its intention to serve supplemental information, including numerical examples, for how the aggregation proposal would work to guard against over or under procurement.

PG&E filed supplemental details on this aspect of the Joint IOU proposal on April 5, 2006.⁹ The PG&E supplemental filing includes additional details about this aspect of its proposal, as well as numerous numerical examples.

I. B. 5. Compliance Demonstration for Local RAR

The staff expects that the Local RAR demonstration will be an annual demonstration made via advice and made concurrently with the System RAR “year ahead” demonstration wherein LSEs demonstrate that they have procured 90% of the capacity necessary to meet 115%-117% of their peak load for the 5 summer months of the following year. For the 2007 compliance year, the Local RAR demonstration will be made on October 2, 2006. (October 2, 2006 is the first business day in 2006 after the established due date of September 30th.)

The staff expects that the Local RAR compliance demonstration will consist of a 12 month showing (January through December) for 100% of the required local resources. Resources that count towards meeting Local RAR will also count towards meeting System RAR. The June 10, 2005 workshop report based on workshops held in the Commission's prior RA rulemaking, R.04-04-003 ("Phase II Workshop Report") reflects that participants agreed that 100% of local capacity requirements must be met on a year-ahead timeframe for all 12 months of the year.¹⁰ Significantly, having Local RAR procurement and demonstration occur on a year-ahead basis for all 12 months introduces a set of implementation and timing considerations that were not anticipated when the Commission established the 90% forward commitment requirement for the 5 summer months to be reported on September 30th. Given that the year ahead reporting

⁹ See “Clarification by PG&E Regarding Distribution of Local Resource Adequacy Requirements”, filed April 5, 2006, in R.05-12-013.

¹⁰ See “Resource Adequacy Phase 2 Workshop Report”, June 10, 2005 in R.04-04-003, p.95 ; available at <http://www.cpuc.ca.gov/PUBLISHED/REPORT/46914.PDF>.

requirement is a 5 month obligation, the September Local RAR showing will have to demonstrate that each LSE has procured 100% of the local requirement for each month of the next calendar year.

It appears that this 12 month, 100% Local RAR demonstration is appropriate for several reasons. First, there is a possibility that even if all LSEs procure their full allocation of Local RAR, they may not have procured all of the resources necessary to meet the reliability needs of a particular local load pocket. This deficiency can only be determined after the CAISO has the opportunity to analyze the effectiveness factors of all of the units actually procured to meet the Local RAR in a local load pocket. To the extent that additional units are needed to meet effectiveness factor concerns, the CAISO needs to identify the units, and LSEs should have the first opportunity to engage in this procurement, rather than have no choice but to rely on CAISO backstop procurement mechanisms. Consequently, Local RAR demonstrations should be made in sufficient time to permit the CAISO to engage in such analysis and identification of "residual" procurement needs. Second, the CAISO needs to be able to prepare for any necessary backstop procurement after the LSEs have made all of their procurement demonstrations, including those that may meet "residual" needs. The CAISO must have sufficient time to review any additional procurement demonstrations and determine if backstop or "supplemental procurement" is required. If so, the CAISO must have sufficient time to engage in a process to secure the resources it needs to maintain local area reliability. Third, a year long procurement obligation should provide assurance of revenue adequacy to those units that are most needed to ensure the reliability of the CAISO grid, and encourage the type of longer term procurement that the CPUC supports.

The staff expects that the Local RAR compliance demonstration shall be made on a Commission provided template, in accordance with a Local RAR filing guide. The existing System RAR year ahead filing guide may be updated and/or amended to provide the rules for LSEs to use in their showing. (The existing System RAR year ahead filing guide is provided in the Appendices.)

The staff expects that the Local RAR template will include the LSE's Local RAR obligation by service territory, the LSE's contracted-for units of qualified capacity within the local areas, the name of the local area where the units are located, the MW of qualified capacity, the contract ID numbers, etc. The template will have adjustments for DR programs and as well as for Reliability Must Run (RMR) units (if local RAR credit is given for RMR Condition 1 and/or RMR Condition 2 units—see additional discussion on this below.) Staff will attempt to combine the System RAR and Local RAR templates as much as possible, so as to not ask for duplicative information.

I. B. 6. Counting Resources for Local RAR

The staff expects that the Commission will adopt a program where each LSE must show compliance with the Local RAR by showing contracted-for resource adequacy (RA) capacity from generating units the CPUC has identified as qualifying as local generation in the relevant local area. The Local RAR shall be procured, in advance, for the entire year, but different units may be used to meet the Local RAR in different months, so long as compliance is demonstrated for every month. There will be no adjustment for incremental load migration expected during the year, beyond what is already accounted for during the load forecasting period.

a) Counting Reliability Must Run (RMR) Condition 1 and Condition 2

Resources for Local RAR

For 2007, the CAISO has informed workshop participants that they will designate units as RMR according to their annual RMR process; however, its process doesn't finalize RMR contracts until after the October 2, 2006 RAR filing deadline. Therefore, there will be no RMR Condition 1 or 2 units eligible to count towards either Local RAR or System RAR demonstrations in 2007¹¹. For 2006, Condition 2 units were able to count for System RAR (both year ahead and monthly). In addition to the conflicting RMR vs. RA contract timing problems already mentioned, some parties do not want RMR units to continue to "count" for RAR showings since they represent a different resource obligation than the RA contracts.

The CPUC staff understands that CAISO will announce its RMR information, as per its usual schedule, in early July. The staff further understands that CAISO will notify specific resources of its intention to designate them as RMR, and the CAISO will present its recommendations to the CAISO Board in early September, etc. Then, the October 2, 2006 Local RAR (and "year ahead" System RAR) demonstrations are filed. Subsequently, the CAISO will finalize its RMR contracts. Prior to making any backstop procurement decisions for local deficiencies in 2007, the CAISO will review the Local RAR demonstrations, the RMR resources as finalized, and the effectiveness of any Local or System RA resources that are filed in the "year ahead" demonstrations.

Some parties are interested in having RMR Condition 1 units count towards Local RAR demonstrations for 2007. One important issue that has been

¹¹ This statement applies to the September 30th showings; it is conceivable that RMR Condition 2 units might count in the monthly RAR filings.

raised by parties with respect to allowing RMR Condition 1 units to count in 2007 is that they would count for Local RAR, but it is unlikely that they would count for System RAR. In that case, LSEs would get charged for RMR and get issued a “local” credit, but still need to procure additional system RA resources. By allowing RMR Condition 1 units to count, the Commission may invite over procurement. Hence, the staff recommendation to not allow Condition 1 units to count for 2007 system or local RAR.

b) Dispatchable Demand-Responses Resources

Dispatchable demand-response resources should count towards meeting Local RAR, provided the demand response resources are located within the defined local areas. The CEC’s demand response template did not request resources be defined by local areas, so therefore, if this proposal is adopted for 2007 – then the CEC may need to ask for supplemental information. Parties may wish to provide supplemental information in their comments as to the feasibility of providing such information in a timely manner, or whether it is more appropriate to consider this issue for 2008 Local RAR program implementation.

c) Distributed Generation (DG)

New distributed generation (DG) resources should count towards meeting Local RAR. There has been limited discussion on the counting of new distributed generation resources in Local RAR. In D.05-10-042 DG was addressed by adjusting the RAR forecast using a simple DG impact assessment methodology. Staff believes a similar treatment for Local RAR is appropriate.

d) Effectiveness Factors and Counting Resources outside the Defined Local Area

Significant workshop time and additional discussion among the parties occurred on this issue. By design, the resources within local areas are more effective at responding to the range of possible contingencies than resources

outside the local areas. In order to implement the program, staff believes that there needs to be a finite list of resources that count for each local area requirement. That list will contain all resources within the local areas. If the CAISO's 2007 LCR report supports including a resource outside the local area or excluding a resource inside a local area, adjustments to the list will be considered at the time the Commission adopts its Local RAR qualifying capacity list. All resources on the list will count 100%, resources not on the list will count 0% toward the Local RAR demonstration.

- As TURN notes on p.5 of their March 13, 2006 comments, it would be a "customer-friendly" policy to allow "generating units that are not located within the boundaries of a local area to contribute toward meeting that local area's LCR if the CAISO's modeling shows that such units meet some minimum 'effectiveness factor'".
- The CAISO's "Meet and Confer" Report on February 22, 2006 appeared to largely support the idea of using effectiveness factors to determine which generation units to meet Local RAR. The CAISO revised its February 22, 2006 report on March 10, 2006, to clarify what type of information on effectiveness the CAISO would provide.

Despite the CAISO's potential offer to show a range of different effectiveness factors for specific units in addressing various contingencies, the staff proposes that the Commission adopt a simplified approach for 2007.¹² The staff recognizes that the effectiveness factor of each generating unit is not a static variable. Instead, each generator has multiple effectiveness factors depending on the reliability level of the system, the transmission contingency that needs to be

¹² This comment is not intended to limit what the CAISO provides on effectiveness, just how the staff expects the Commission might use the information in 2007.

addressed, and which other units are available to the CAISO. In addition, fixing the local area boundaries, and therefore the generation units within the boundaries that can satisfy the Local RAR, will simplify (enormously) the administration of the Local RAR program. If the Local RAR program allows units to count based on effectiveness factors—there will always be a question of “which effectiveness?” under “which system configuration?”

Procuring System RA resources outside a local boundary that have *some* effectiveness for meeting some contingencies within a local area may reduce the need for CAISO backstop procurement. It is the staff’s understanding that the CAISO will take into consideration all RA resources (inside and outside the local areas) when determining whether to engage in backstop procurement for 2007. However, for the purpose of implementing a CPUC Local RAR in 2007, staff expects that units not on the local RAR list cannot be used to satisfy Local RAR.

I. B. 7. Evaluation of Compliance Demonstrations and Actions Taken Due to Non-Compliance with Local RAR

a) CAISO Evaluation

The staff expects that the CAISO will review the Local RAR filings of CPUC-jurisdictional LSEs, as well as non-jurisdictional showings and RMR procurement, to determine whether the amount of RA capacity under contract in each of the local areas exceeds the Commission-adopted Local RAR levels.

- If a local area’s Commission adopted Local RAR is satisfied in the aggregate, even if there are some deficient LSEs, the CAISO will not engage in backstop procurement. Deficient filers will be handled through the CPUC evaluation process described below. The staff expectation is that CAISO’s definition of being “satisfied in aggregate” is limited to the

procurement of the number of MWs identified in its LCR study, and does not address the technical requirement for maintaining voltage and maintaining frequency. The one exception to the preceding sentence is that the CAISO may do some additional backstop if the CAISO conducts an assessment of the effectiveness of the MWs procured, and finds that additional procurement is required to meet local needs (likely due to effectiveness factors), but such an assessment would also consider units outside the local area that may have been supplied through system RAR demonstrations.

- If a local area's Commission-adopted Local RAR is not met, after considering both System and Local RAR demonstrations, RMR procurement, and any other resources available to the CAISO, then the CAISO may engage in backstop procurement. To the extent that additional units are needed to meet effectiveness factors, the CAISO needs to identify these units, and LSEs should have the first opportunity to engage in this procurement, rather than have no choice but to rely on CAISO backstop procurement mechanisms.
 - If the deficiency is the result of a particular LSE failing to make a compliant Local RAR showing, then the CAISO's costs for local resources procured on behalf of deficient LSEs (both CPUC-jurisdictional and non-jurisdictional) would be billed directly to the Scheduling Coordinators (SCs) responsible for those LSEs.
 - If the deficiency is the result of collective error, i.e. under procurement in a particular local area even though all LSEs were compliant with their own Local RAR, then the costs for local resources procured on behalf of all LSEs would be allocated to all Scheduling Coordinators

responsible for the LSEs in the PTO service territory on a load share basis.

When reviewing the total showing to meet the local capacity requirement, the CAISO will take into consideration all RA resources available to it, even if they are outside the local areas. There may be some instances where qualifying capacity outside the local areas may reduce some of the need for local backstop procurement. The non-local generation may not be used for part of the Local RAR showing, but it may be beneficial to the system overall and reduce some backstop procurement activities.

All LSEs will be notified of the CAISO's backstop procurement actions, in coordination with the CPUC's RA program administration. Any backstop procurement will be made available to LSEs on a load-share basis, consistent with the cost-allocation, as a credit towards their monthly System RAR showings.

b) CPUC Evaluation

The staff expects that the Commission will review the Local RAR filings and determine whether each LSE is in compliance with the Commission's RA program requirements. The Commission will base its compliance review (probably via a delegation of authority to staff), and the actions below, on the Commission-adopted Local RAR .

- If a LSE did not meet its Local RAR obligation, but other LSEs within the same IOU distribution service area procured local generation in an amount cumulatively equal to or in excess of the CPUC-adopted Local RAR, then some action is required to prevent continued non-compliance.

Two options are:

- The deficient LSE would be required to make a transfer payment to LSE(s) that are “long” on local capacity, as per the Joint IOUs transfer pricing proposal discussed in more detail below. In this case, the deficient LSE would not subject to penalties *in addition to* the transfer pricing payment, assuming there is sufficient “long” capacity to cover the full deficiency, or
 - The deficient LSE would be subject to a penalty and no payments to long LSEs.¹³
- If a LSE did not meet its Local RAR obligation, and other LSEs within the IOU distribution service area did not procure local generation in an amount cumulatively equal to or in excess of the CPUC-adopted Local RAR, then the deficient LSE will be subject to (1) CAISO backstop costs directly allocated to its SC as discussed above and (2) Commission penalties if no Commission waiver has been granted. In this case, CPUC penalties shall be in addition to the cost of any required backstop procurement costs that are borne directly by an LSE’s SC. The Commission penalties for failure to make the Local RAR showing are discussed below. Also, Commission waivers are discussed in more detail below.

I. B. 8. Joint IOU’s Transfer Payment Proposal

The Joint IOU Proposal in R.05-12-013 recommends adopting a transfer payment process for instances where an LSE did not meet its Local RAR obligation, but other LSEs within the IOU distribution service area procured local

¹³ Public Utilities Code section 2111 provides for penalties of not less than \$500 nor more than \$20,000 for each offense. Under section 2108, each day of noncompliance may constitute a separate and distinct offense.

generation cumulatively in excess of the Commission-adopted Local RAR. (See Joint IOU Proposal, March 13, 2006 Comments, at p.2). The Joint IOU proposal suggests a payment of \$24/kW-year transfer payment from short to long LSEs. (See Ibid, p. 4 for a detailed explanation of the prices.). In addition, the Joint Proposal suggests that the transfer payment proposal is interim (would be revisited beyond 2007) and complimentary to other penalties and backstop.

“The total local capacity transfer payment owed by each short LSE would then be allocated to the long LSEs in proportion to the size of the surplus demonstrated by each long LSE. There may, of course, not be sufficient extra local capacity available to transfer from the long LSEs to cover all of the local capacity deficiencies demonstrated by the short LSEs, in which case the short LSEs may face either penalties, backstop procurement by the CAISO, or both for the uncovered deficiency.” (Joint IOUs, March 13, 2006, p.5)

One argument for adopting this transfer payment proposal is that it acts as an incentive to encourage LSEs to procure their own local RA resources, thus encouraging bilateral contracting with entities that have Local RA capacity to sell. Without a transfer payment, long LSEs may be satisfied to hold onto to their long positions and not engage in bilateral contracting for the RA capacity. Under this proposal, if an LSE pays a transfer payment, it would receive the Local RAR benefit of the unit (it would not be considered “short” for Local RAR program penalty purposes), but the LSE would not be able to count the unit for System RAR purposes. Conceivably, such an LSE would prefer to procure local RA capacity resources for itself, which would count towards its System RAR demonstration, rather than purchase non-local system resources and separately make a transfer payment for the Local RA credit. An argument was made at the

March 15th workshop that the very concept of having the transfer price would incent bilateral transactions.

AReM's comments filed on March 13th suggest that the "Commission should require the utilities to sell any 'long' capacity to other LSEs at reasonable prices". (p.3) In requiring LSEs to offer for sale excess local RA capacity, the utilities would not be able to "passively rely on some administrative allocation to sell their excess" (p.3). AReM prefers that long LSEs sell all the rights to Local RA capacity, so that it can count towards a System RAR demonstration, rather than administratively transferring the "local attribute" via a price. AReM argues that if local capacity commands such a high value (price), then presumably the long LSEs would want to sell off their excess local capacity and replace it with less-expensive system RA capacity in accordance with least-cost principles. If RA capacity transactions did occur so that all LSEs can make their demonstrations, and there was still excess local capacity procured, then the excess local would just be a public benefit – and no transfer payment would be made.

There should not be any reason why an LSE wants to keep its excess (presumably more expensive) local RA capacity in lieu of selling it and buying less expensive system RA capacity. Indeed, in the specific case of the IOUs who have CPUC approved procurement plans, staff thinks that IOUs should consider very carefully the "least-cost/best-fit" procurement principle when considering retaining excess local capacity, especially if it is well-known that non-local capacity could be acquired at a reduced price. Just because an IOU has already bought local capacity (perhaps in a bundled capacity and energy transaction) does not mean that forever more it should retain that local RA capacity in excess of its own local RA needs. Staff is unclear why the IOUs would not want to sell

off their long local RA positions, as proposed above by AReM, assuming that such positions could command some premium in the RA market.

Staff is concerned that the proposed transfer payment process creates administrative burdens, and that costs that may exceed any benefits. In order to implement the transfer payment scheme, Commission staff will have to review the confidential RA filings and determine whether a transfer payment needs to be made. Commission staff will have to determine to whom and from whom the transfer payment will be made, track the payments, and take action if the transaction is not completed. The local capacity transfer payment would represent a payment for a “regulatory product” without any physical component. The transfer payment price (i.e. the \$24/kw-year) will have to be “settled” or merely considered a “proxy”, because as TURN noted: “There is simply no way that a convincing factual case on these issues could be assembled in time for a Commission decision in June of this year.” (p. 8, March 13, 2006) While the staff understands the merits of the transfer payment proposal, it is not convinced that it would be possible for the Commission to establish the procedures for adopting such a proposal. The staff does not expect that the Commission could delegate easily to staff the complex administration of the transfer payment system. Parties should further develop procedural proposals, including any alternatives.

I. B. 9. Enforcement and Penalties for Failure to Meet System or Local RAR Obligations

The Scoping Memo of D.05-12-013 provided that,

D.05-10-042 adopted the broad policy that a penalty equal to 300% of the cost for new capacity (150% for 2006 only) is an appropriate sanction for an LSE’s failure to acquire the capacity needed to meet its RAR

obligation. The OIR provided that this proceeding will consider ways to give definition and clarity to this policy and address concerns that penalties might accrue to the General Fund of the State of California. Providing such definition and clarity, including how penalties and backstop procurement interact, may be particularly important in connection with local RAR.

Staff recommends inclusion of a penalty regime for failure to make Local RAR showing. Penalties are required to deter non-compliance with the Local RAR program. In the absence of penalties in addition to backstop procurement costs, LSEs would be free to rely on CAISO contracting to meet their Local RAR program obligation. LSEs that have difficulty contracting with particular counterparties would be allowed to ignore their Local RAR obligation in preference to their contracting or counterparty concerns.

Staff suggests that penalties will be applied for failure to meet the Local RAR showing if no waiver has been granted. Penalties are meant to deter a real or perceived deficiency in the MW procured. A deficiency is when an LSE does not procure (and or makes a false representation that MW have been procured).

The Joint IOUs Comments on March 13, 2006 propose \$80/kW year as a proxy for the annualized cost of a new entrant for the limited purpose of calculating a penalty consistent with D.05-12-042.

AReM's comments of March 13, 2006 request that the Commission apply any penalty dollars to offset the costs of CAISO backstop procurement. They also request that the Commission provide clarification on how its compliance process and penalty assessment process will work. (March 13, 2006 Comments, p.7)

General Order 167 Appendix F sets out fines for specified violations of that general order. Of note is the fine for failure to file a formal document at the time or in the manner required; \$1000 per incident plus \$500 per day for the first ten calendar days the filing was late and \$500 for each day thereafter. In addition, there is a fine for negligent submission of inaccurate information; \$2000 per incident plus \$500 per day for the first ten calendar days the inaccuracy was not corrected and \$1,000 for each day thereafter. Staff understands these examples are a good basis for fines in the RA program, but proposes \$1000 per day after the first 10 days for failure to file.

It is clear to staff that the time has come for the Commission to adopt more definition regarding RAR enforcement and penalties. Staff recommends that it be tasked with developing a draft General Order, for comment by the parties, to address these issues. A draft General Order would, among other things, assess penalties for failure to meet RAR obligation if no waiver has been granted. Penalties would be imposed for failure to make a demonstration, or when a demonstration reveals a deficiency, either because the LSE did not procure to meet its RAR, or makes a false representation that such MWs have been procured.

As a general matter, staff does not believe that is appropriate for penalties to be applied to defray the CAISO backstop procurement costs of deficient LSEs. First, by statute, all penalties assessed by the CPUC accrue to the State's General Fund, and it is not practical to develop a process to alter this statutory mandate. Second, the CAISO has mechanisms for billing deficient LSEs who for whom it must in engage in backstop procurement, and this mechanism is appropriate. Thus, backstop procurement will occur to compensate for deficiencies, and be charged to the appropriate party, independent of the CPUC's enforcement

process. Third, and most significantly, penalties are necessary, to deter non-compliance with the Local RAR program. In the absence of penalties, LSEs would be free to rely on CAISO backstop procurement (and simply pay the costs of that procurement) to meet their RAR obligation (local or system); further, LSEs that have difficulty contracting with particular counterparties would be free to ignore their RAR obligation, and rely on CAISO backstop procurement, instead of addressing their contracting or counterparty concerns. In either event, discretionary reliance on CAISO backstop procurement mechanisms is not consistent with the CPUC's RA program objectives. Penalties, in addition to CAISO backstop procurement costs, are necessary and will send the appropriate signal that an LSE should bi-laterally contract with resource, rather than rely on CAISO backstop procurement for RA compliance.

Staff proposes that the draft General Order address many of the specifics of the enforcement program, including the enforcement procedure, and the penalties for various types of violations.

I. B. 10. Market Power

Throughout the workshops in both this proceeding and in the prior R.04-04-003 proceeding, it was often discussed that generators within the local areas have market power.

Market power is inherent in the problem that a large amount of generation within a constrained area is necessary to maintain reliability and serve load. Today the local requirements are met through RMR and must-offer resources, neither of which provides a sustainable platform for investment and assuring that resources remain available. Furthermore, neither of the current means for the CAISO to procure local resources seems to be providing the PTOs with the correct incentive to reduce the number of constrained areas.

While the CPUC is establishing the local resources adequacy requirements, FERC has jurisdiction over market power mitigation. The jurisdictional divide on this issue creates uncertainty and potential risks for LSEs. It should be noted, however, that it is easier for FERC to monitor and mitigate centralized markets than the bilateral transactions in the RA market. Nevertheless, adequate local market power mitigation by FERC and strong penalties for non-compliance should influence bilateral transactions. So long as there is not a centralized capacity market that can be monitored and mitigated, long-term contracting and transmission alternatives may be the best means of managing market power.

The Joint IOU proposal on January 24th suggests (p.11) that the CAISO's backstop procurement role is necessary "to address market power and to backfill on behalf of deficient LSEs". The IOUs propose that in the event backstop is used, then it is not necessary for the Commission to charge penalties to deficient LSEs.

AReM January 24, 2006 comments addressing market power proposed that LSEs be required to make Local RAR showings *only* if the following four conditions are met:

- Sellers in the local area have no market power
- Generation is available for purchase
- Creditworthy counterparties are available
- Generation is a cost-effective option compared to transmission upgrades (the CAISO would perform its backstop role until the upgrade is completed.)

As recognized in the R.04-04-003 Phase II Workshop Report, it appears that market power is inherent local load pockets where there is a limited amount of

generation within a transmission constrained area and that generation is necessary to maintain reliability and serve load in the area. Consequently, unless the Commission is prepared to defer Local RAR, AReM's proposal appears to be untenable.

Today the equivalent of Local RAR is met through RMR and the FERC must-offer obligation on all generators in the CAISO control area. Unfortunately, while highly effective at mitigating the exercise of market power, neither mechanism has proven to be a sustainable platform for new investment. Furthermore, neither mechanism appears to provide the PTOs with the correct incentive to reduce the number of constrained areas through transmission upgrades. In order to send the proper investment signal, and create the proper construction incentives for PTO, it is appropriate for the CPUC to move forward with the RA program, to adopt a meaningful Local RAR, and to find other ways to address market power concerns.

Staff proposes, consistent with the Joint IOU proposal, that the CAISO's backstop procurement role will adequately address the issue of market power during the transition period to a fully implemented RA program, and implementation of the CAISO's market redesign ("MRTU"). A CAISO backstop procurement mechanism can mitigate the exercise of market power in the RA contract market by representing a cap for how much generators may expect to receive if they don't execute an RA contract. To the extent such a backstop retains a level of uncertainty - a shorter term than a standard RA contract, and perhaps more uncertain prices terms - it can avoid undermining RA contracting.

It is also important to consider that solutions to the market power issue may be found in parts of MRTU. To the extent that appropriate market mitigation mechanisms are in place for MRTU, these mechanisms should not

only mitigate against the exercise of market power in the CAISO's markets, but should also have a mitigating effect in the RA bilateral contracting markets. In summary, staff looks to an appropriately designed CAISO backstop procurement mechanism to address market power concerns on an interim, or perhaps longer, basis. Additionally, MRTU market power mitigation mechanisms may also have a mitigating impact on the bilateral contract market. Consequently, staff does not believe that it is appropriate to adopt a contingent Local RAR, as proposed by AReM. To the extent an LSE believes that a generator is exercising market power in the RA contracting market, it should address the issue through an RA waiver request.

I. B. 11. Waivers

a) Waivers from Local RAR Requirement

Several parties requested in the proceeding that the CPUC offer waivers from the Local RAR showing.

It appears that the Commission has two options. One option is to not allow for any waivers from the Local RAR. Under this scheme, an LSE that is unable to bilaterally contract for local capacity to meet its Local RAR obligation would be subject to backstop procurement costs (alone or collectively, depending on the aggregate outcome of all procurement), potentially the IOU transfer price payment, and potentially CPUC penalties.

Alternatively, the Commission may allow waivers from the Local RAR showing if an LSE filed a petition for relief that demonstrates that it has made “every commercially reasonable effort” to contract for Local RA resources. According to the Joint IOU proposal (January 24, 2006, p. 19), “The waiver would have to demonstrate that the LSE actively sought products and either (1) received bids with prices in excess of the administratively determined local

attribute, or (2) did not receive any bids.” TURN’s comments on March 13, 2006 support the use of waivers, which would allow LSEs to rely on CAISO’s backstop procurement, “when certain minimum measures of market power are met or if LSEs cannot procure LCR resources at prices below certain maximum cost thresholds”. (TURN, p.4; See also p.7) In Constellation’s comments on the February 8 and 9, 2006 workshop, it states “Constellation believes that it is important to provide a fair hearing to any LSE that seeks a RAR compliance waiver, but that the Commission be clear that its granting of waivers will not be done lightly.” (p.12)

b) Waivers from System RAR Requirement

The Joint IOU Comments (March 13, 2006, p.10) request a waiver from meeting System RAR obligations by petition if an LSE believes undue market power is being exerted by sellers of capacity. The IOU proposal suggests that an LSE petition include a demonstration that it “could not obtain qualified capacity on commercially reasonable terms”.

c) Need to Establish Waiver Process

There appears to be some consensus among parties that waiver from RAR requirements, whether local or system, may be appropriate in some instances. Staff is concerned with whether it is realistic for the Commission to adopt a waiver process, in sufficient detail, that would allow the staff to effectively administer and implement the RA program. Consequently, parties should comment further on the specifics of a waiver process and criteria for considering such waivers. Most significantly, parties should comment on how the Commission can adopt an upfront standard and process that delegates to staff how to identify the exercise of market power by a generator such that a waiver is warranted.

The staff understands that a waiver process could be upfront (i.e. before the demonstrations are filed) or after-the-fact (i.e. after or concurrent with the filing of the demonstrations). Staff is extremely concerned that any upfront waiver process would create an unrealistic expectation that staff could process waiver requests and subsequent protests in a reasonable time. One option may be for the Commission to adopt penalties for non-compliance with Local RAR. Simultaneously, the Commission could adopt a standard by which it would waive the penalties after-the-fact, if a demonstration is made that a waiver should be granted. An LSE that knowingly failed to make its Local RAR would be at risk for penalties, absent it being able to make a strong showing that a waiver should be granted. In other words, “waivers” would take the form of exemptions from penalties. This type of process would be well-suited to the Commission’s long-history of due process proceedings. It would be important for the Commission to set the standard now by which it would judge those penalty exemption cases, and it would be up to LSEs to be confident in their ability to withstand the after the fact review at the Commission, based on the criteria established.

II. Tradable Capacity Product Issues

II. A. Workshop on March 27, 2006

Staff includes by reference the workshop report submitted by Southern California Edison on April 3, 2006.¹⁴ In that workshop report, SCE reports on the March 27, 2006 workshop which discussed issues related to tradable capacity products. There are 10 issues identified in the workshop report for potential consideration in Phase 1 of R.05-12-013. Parties may comment on the issues 1 thru 10 discussed in Southern California Edison's April 3rd filing.

It should be noted that although a number of parties are actively discussing *other related* issues pertaining to the design of a standardized, tradable capacity product—the CPUC staff expects that most work on this topic is being deferred to Phase 2. The exception to that statement is the issues identified in the workshop report from the March 27, 2006 workshop.

The Joint Comments on March 13, 2006 of APS, CLECA, CMTA, Coral, DRA, EUF, J Aron & Company, TURN, SVLG, and Strategic ask that the Commission should immediately hold “workshops to identify and resolve any regulatory issues that affect development of standard commercial terms and conditions”. To the extent that these issues have not been addressed by the March 27th workshop report, but must be addressed in Phase 1, parties should raise those issues in their comments. Otherwise, the Commission will plan on hosting future workshops in Phase 2 to address the other issues related to standardized terms and conditions of tradable capacity products.

¹⁴ See “Submission of Tradable Capacity Product Workshop Report of Southern California Edison Company (U-338-E)”, filed in R.05-12-013 on April 3, 2006.

- II. A. 1. Issue 1: Forced Outage Impact on Qualifying Capacity**
- II. A. 2. Issue 2: Derates and Qualifying Capacity**
- II. A. 3. Issue 3: Penalties for Non-Performance**
- II. A. 4. Issue 4: Maintenance and Repair Obligations**
- II. A. 5. Issue 5: Bulletin Board and Centralized Title Clearing**
- II. A. 6. Issue 6: Clarity on Import Requirements**
- II. A. 7. Issue 7: Creditworthiness**
- II. A. 8. Issue 8: Intermediaries**
- II. A. 9. Issue 9: Pooling Of Assets and Substitution**
- II. A. 10. Issue 10: Regulatory Uncertainty**

III. Implementation Issues

III. A. Filing Guide and Templates

Implementing the first cycle of year-ahead RAR compliance filings for 2006 and the first round of month-ahead RAR compliance filings for 2006 may reveal RAR program gaps or deficiencies that must be resolved by the Commission before 2007 compliance filings are due. Parties are permitted to comment on all of the appendices, including the Energy Division's recently issued Resource Adequacy Filing Guide (including related "FAQs") for the 2006 year-ahead and month-ahead compliance guides. Included in the appendices are the erratas, frequently asked questions, and templates.

The staff proposes that the Commission acknowledge the current System RAR filing guide, monthly RAR filing guide, and associated templates as appropriate representations of the current program. The staff proposes that the Commission authorize the staff to continue to revise and refine the filing guides in accordance with Commission decisions and changing needs of the program.

III. B. Maximum Cumulative Capacity Buckets Based on 100% of Planning Reserve Margin

SCE Comments on March 13, 2006 (see p. 10) request that the CPUC adjust the year-ahead templates so that the Maximum Cumulative Capacity (MCC) calculation be 103.5% (90% of 115%) of the peak hour load of an LSE's load forecast. In addition the MCC's should be "based upon 115% of peak hour load for both year-ahead and month-ahead for consistency". (p.10)

Staff suggests that going forward the calculation of the LSE obligation for each resource category, for both year-ahead and monthly RAR showing, should be based on the LSE's RAR (115% of forecast load).

III. C. Accounting for Transmission Losses

SCE Comments on March 13, 2006 (see p.11) request that for the 2007 showing, transmission losses be “incorporated through the application of loss factors to resources and that all resources and loads be adjusted to a common reference point—the CAISO grid”. The current method uses a simplifying assumption – increasing an LSE’s load forecast by a flat 3%.

III. D. Process for Resolving Discrepancies

AReM’s Comments on March 13th request that the Commission determine a process for resolving discrepancies between the CAISO’s Monthly Supply Plan submitted by generators and the LSE’s monthly showing.

IV. Other Issues

Since we have asked parties to use this Staff Report as an outline for comments, parties may comment here on any other issues within the Scope of Phase 1 (but not yet raised in this outline.) Issues can be added at the end of each section, as appropriate, or included here as Section IV.

V. Appendices: Resource Adequacy Filing Guides and Templates

V. A. APPENDIX A: RA Year-Ahead Filing Guide and Cover Letter and MCC Errata

V. B. APPENDIX B: Resource Adequacy Year-Ahead Filing Template and Instructions

V. C. APPENDIX C: Resource Adequacy Liquidated Damages Contract Template and Instructions

V. D. APPENDIX D: Resource Adequacy FAQ Sheet

V. E. APPENDIX E: Resource Adequacy Advice Letter Primer

V. F. APPENDIX F: Resource Adequacy Month-Ahead Filing Guide and Cover Letter

V. G. APPENDIX G: Resource Adequacy Month-Ahead Filing Template and Instructions

APPENDIX A

RA Year-Ahead Filing Guide and Cover Letter and MCC Errata

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 21, 2005

All Load Serving Entities (LSEs)

Re: Guidance to all Load-Serving Entities (LSEs) Regarding the Upcoming
January 27, 2006 Resource Adequacy Requirement Compliance Filings.

The enclosed materials provide guidance to all LSEs on issues related to the upcoming January 27, 2006 Resource Adequacy Requirement compliance filings. These filings should be filed with the CPUC Energy Division via advice letter, in compliance with D.05-10-042 in R.04-04-003.

Energy Division, and CEC collaborative staff, in consultation with interested parties have assembled the following enclosed materials regarding the January 27th year-ahead RAR filings:

- Resource Adequacy (RA) Guide (and this cover letter) in MS-Word #216682-v4;
- Reporting Template Spreadsheet and Instructions in MS-Excel #217268-v1;
- Liquidated Damages (LD) Contract Baseline Table in MS-Excel #217187-v1;
- Maximum Cumulative Contribution (MCC) Percentages Table and Calculations in MS-Excel #215186-v2.

On December 13, 2005, Energy Division staff issued an "Initial Workshop Summary of Agreements, and Proposals for Further Consideration." This initial workshop summary was an outcome of the December 9, 2005 Workshop on the RAR 90% Compliance Showings required by D.05-10-042 / R.04-04-003. Prior to the workshop on December 7, 2005, Energy Division circulated, via email to the R.04-04-003 service list, a Straw Proposal that essentially consisted of draft versions of the definitive materials now provided.

Due to the holidays, and because the compliance demonstration deadline is quickly approaching, the Intertie Allocation process described in the enclosed RA Guide is necessarily very compressed for 2006. That process, at Step 2, allows LSEs to trade portions of their load share for use in the allocation. To facilitate that step, each LSE should email the contact information for their trading representative(s) by December 27, 2005 to the Energy Division staff shown below. Energy Division will then email this contact information to each LSE so that LSEs can easily contact potential counterparties to the extent they are interested in trading load share.

For questions about the enclosed materials or about the upcoming January 27, 2006 RAR compliance filings, please contact Robert Strauss at RLS@cpuc.ca.gov or (415) 703-5289, or Wade McCartney at wsm@cpuc.ca.gov or 916-324-9010.

Sincerely,

Sean Gallagher
Director
CPUC Energy Division

Enclosures (4 electronic files including this cover letter)

Cc: Commissioners
Steve Larson, CPUC Executive Director;
Grant Rosenblum, Phil Pettingill, Keith Johnson, CAISO;
Mike Jaske, CEC;
Via email to the R.04-04-003 Service List;
Via email to 12/09/2005 RAR workshop attendees.

Resource Adequacy (RA) Guide

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1. Maximum Cumulative Contribution (MCC) Percentages Computational Method

As a result of the workshop process, there was majority (if not unanimous) agreement on the following Maximum Cumulative Contribution (MCC) Percentages Computational Method, which is integral to implementation of the Top-Down Mirant methodology adopted in D.05-10-042. The Energy Division’s Straw Proposal, Table 1 spreadsheet has been updated to reflect the following:

1. **Peak Load-Hour Data.** Energy Division obtained peak load-hour data¹ from the CAISO for each summer month (May through Sept) for 2003, 2004, and 2005. A three-year average load duration curve is then computed as the simple average of the ranked ordered hourly loads for each respective month for all 15 months (May 2003 - Sept 2005), as described in the Initial Workshop Summary of 12/13/2005.
2. **Category Hours:**
 - Category 1 – 84 hours (5x4)
 - Category 2 – 171 hours (5x8)

¹ Energy Division originally obtained hourly system load data from the CAISO OASIS website for these same time periods, but later learned that the publicly available System Load data on the OASIS website is not necessarily the peak load hour for each hour of a given month but is, instead, a snapshot of system load during each particular hour. Energy Division later determined that the more accurate peak-hour load data did not significantly change the three-year average values, and it did not change the resulting MCC percentages as shown here in the RA Guide.

- Category 3 – 415 hours (6x16)

The actual MCC Percentages that apply to the Summer 2006 months are shown here:

SUMMER 2006	
RESOURCE CATEGORY	MCC PERCENTAGES
Category #1	11.3%
Category #2 (Sum of 1, 2)	16.4%
Category #3 (Sum of 1, 2, 3)	28.8%
Category #4 (Sum of 1,2,3,4)	100.0%

The actual calculations of these MCC percentages are attached to the RA guide as Appendix A.

2. Eligibility For A Resource To Be Classified In A One Of The Four Resource Categories (Or Buckets)

Eligibility for a Resource to be Classified within one of the four Resource Categories or Buckets	
Category	Consensus Agreement
	Resources may be categorized into one of the four categories shown below, according to their planned availability as expressed in hours available to run or operate per month (hours/month):
1	<p>“Greater than or equal to” the ULR [use limited resource] monthly hours as shown in the Phase 1 Workshop Report, Table “Number Hours ISO Load Greater than 90% of the Monthly Peak,” p.24-25, last line of table, titled “RA Obligation,” http://www.cpuc.ca.gov/word_pdf/REPORT/37456.pdf</p> <p>These ULR hours for May through September are, respectively: 30, 40, 40, 60, and 40, which total 210 hour and have been referred to as “the 210 hours.”</p>
2	“Greater than or equal to” 160 hours per month.
3	“Greater than or equal to” 384 hours per month.
4	All Hours (planned availability is unrestricted)

3. Demand Response (DR) Resources Shall Be ‘Taken Off The Top’

Dispatchable Demand Response (DR) resources shall be ‘taken off the top’ and assigned to a separate, un-numbered DR resource category or bucket that will not have a maximum cumulative contribution (MCC) percentage. The amount of capacity (MW) in the DR bucket will credited toward an LSE’s RA obligation. For example, if LSE-ABC has a 1,000 MW RA obligation in June 2006, and LSE-ABC shows 100 MW of DR resources in the DR bucket, LSE-ABC’s remaining obligation is 900 MW, which must be met with an acceptable combination of Category 1, 2, 3, and 4 resources in compliance with MCC percentages.

Non-dispatchable demand response resources are considered as a reduction in demand and were included in the forecast load calculations distributed by the CEC in November. Therefore, they are not included in this showing other than through the calculation of the RA obligation .

4. Scheduled Outages

For resource adequacy (RA) counting purposes, LSEs should use the following scheduled outage criteria. Once the CAISO approves an LSE schedule, if the LSE changes the outage schedule, the LSE will be responsible for procuring a replacement for the resource taken offline, within the constraints of the program. However, if the CAISO changes the schedule, the LSE will not be held responsible for replacement procurement.

Schedule Outages	
Time Period	Description of How Resource Would Count
<p>Summer</p> <p>May through September</p>	<p>Any month where days of scheduled outages exceed 25% of days in the month, the resource does not count for RA. If scheduled outages are less than or equal to 25% the resource does count for RA.</p>
<p>Non-Summer Months</p> <p>October through April</p>	<p>For scheduled outages less than 1 week, the resource counts for RA.</p> <p>For scheduled outages 1 week to 2 weeks, the amount counted for RA is prorated using the formula: $[1 - (\text{days of scheduled outage} / \text{days in month}) + 0.25] * \text{MW} = \text{RA}$ The formula will allow resources to count between 50% and 25%.</p> <p>For scheduled outages over 2 weeks, the resource does not count for RA.</p>

5. Allocation of Reliability Must Run (RMR) Units

Allocation of RMR Condition 1 Units. RMR Condition 1 units are not to be allocated for RA purposes. If an LSE enters into a separate RA contract with an RMR condition 1 unit, it is counted as any other physical resource.

Allocation of RMR Condition 2 Units. RMR Condition 2 units should be allocated as follows:

For each LSE, the CEC/PUC will calculate the LSE share of each IOU transmission service area annual peak (based on the CEC's forecasts). These share percentages should total 100% in each IOU service area; to arrive at that total some adjustments may be required to account for issues such as coincidence. The CEC/PUC will apply the annual share percentages in each IOU transmission service area against total RMR Condition 2 MWs in that respective IOU transmission service area to allocate RMR Condition 2 MWs.

The CEC/PUC will then distribute to each LSE the total of its RMR Condition 2 allocation for use in the 2006 demonstrations. All information in this process will remain confidential because the underlying RMR capacity contracts are confidential.

RMR Condition 2 capacity allocated to LSE's must be regularly adjusted to reflect conversion to RMR Condition 1 status. Any reductions in RMR Condition 2 available resources that occur 80 days or more before an affected month shall cause a recalculation of the LSE's RMR Condition 2 allocation. LSE's shall be informed 75 days before the affected month. LSE must adjust their RA resources to ensure their monthly showing meets the 100% RA obligation using the revised RMR Condition 2 allocation. Changes that occur less than 80 days before the affected month will not cause a change in RMR Condition 2 counting for RA.

6. Intertie Capacity Allocation Process

The following intertie allocation process establishes the initial allocations of all intertie transmission paths² consistent with D 05-10-042. The decision also includes language that prohibits the re-trading or reselling of allocations, subsequent to the initial allocation of intertie capacity (D.05-10-042, p.56). This prohibition was discussed at the December 09, 2005 workshop and parties generally agreed that: (1) the prohibition on re-trading and reselling should be removed to optimize the intertie capacity; (2) removing that prohibition would require a petition to modify D.05-10-042. On December 19th, 2005 PG&E filed a petition to modify D.05-10-042 asking that reselling and re-trading after the conclusion of this initial allocation process be allowed. Should the Commission approve PG&E's petition, this process for initial allocations would not be affected but parties would then be allowed to resell or retrade their initial allocations as needed.

² The intertie transmission paths described in this process are transmission paths into the CAISO control area for resource adequacy (RA) demonstration purposes only. These are not physical firm transmission rights (FTRs).

LSEs should use the following Intertie Capacity Allocation Process to establish their initial RA allocations of inter-CAISO control area transmission path capacity.

Intertie Capacity Allocation Process

Preamble: The total amount of transmission import capability (TIC) available to be allocated to CPUC-jurisdictional LSEs for the 2006 RA showing is 8,482 MW. This amount is derived by subtracting the TIC of non-CPUC jurisdictional Participating Transmission Owners (PTOs) of 957 MW from the 9,439 MW set forth in the CAISO's "Motion Of The California Independent System Operator Corporation To Augment The Record Regarding Resource Adequacy Phase 2," dated September 23, 2005 (September Motion), and filed under R.04-04-003.

This modification to the TIC in the September Motion was required to account for the import needs of non-CPUC jurisdictional PTOs in the CAISO Control Area. The 9,439 MW reflected in the September Motion constitutes the import capacity into the CAISO Control Area that is simultaneously feasible under the conditions studied after accounting for Existing Transmission Contracts (ETCs). However, non-CPUC jurisdictional entities without ETCs also utilized import capacity. Accordingly, the entire 9,439 MW cannot be allocated to CPUC jurisdictional entities without compromising the conclusion of the CAISO's baseline deliverability study. Similar to the CPUC's decision to grant existing contractual arrangements import priority, the CAISO has determined the quantity of capacity assigned to non-CPUC jurisdictional entities based on existing resource commitments.

Further, at the present time, in order to prevent any claims against the CAISO of disclosing confidential information, Table 1 from the September Motion will not be updated at this time. In other words, the CAISO is not providing new branch group information to reflect the impact on specific branch group capability of non-CPUC jurisdictional PTOs contractual usage. Table 1 remains an adequate approximation that can be used by CPUC jurisdictional entities to facilitate assigning their Accounting Credits for Import Capacity by branch group.

Step 1: Each LSE determines its allocation of available statewide import capability, which is 8,482 MW, based on its share of the coincident system peak. Each LSE also determines its Intertie Load Share of each intertie by applying the same share to the list of intertie ratings provided in Table 1.

Completion Date: Each LSE completes by COB, December 28, 2005

Discussion: For the month in which the system peak is forecast to occur, each LSE will use its CEC-adjusted peak load (calculated in accordance with Section 6.2 of the RA decision) and the corresponding system peak to calculate its own Total Load Share allocation. For 2006, according to the CEC forecast information the peak month used for this calculation is August. The LSE will provide its calculation to the CAISO for its review in Step 2 or Step 3, as applicable. Total Load Share determines (1) the total amount of ACIC the LSE may receive, and (2) the LSE's initial Intertie Load Share.

Step 2a. The LSE can trade some or all of its Total Load Share to another LSE and notify the CAISO it has done so. Trades may be done on a percentage of load share or MW basis.

Completion Date: LSEs must notify the CAISO in writing of any trades of allocated Total Load Share by COB, January 4, 2005

Discussion: The LSE has a short period of time to make a trade and notify the CAISO in writing. The CAISO will only accept the trade if both LSEs involved in the trade each verify, in writing, the same quantity of the trade (MW). The Total Load Share, after trading, sets the basis for each LSE's Intertie Load Share and the total amount of ACIC an LSE is eligible to receive..³

Step 2b. The LSE can trade some or all of its allotted Intertie Load Share to another LSE and notify the CAISO it has done so. Trades take place on an intertie specific basis. No more trades can be made after this point.

Completion Date: LSEs must notify the CAISO in writing of any trades of allocated Intertie Load Share by COB, January 4, 2005

Discussion: The LSE has a short period of time to make a trade and notify the CAISO in writing. The CAISO will only accept the trade if both LSEs involved in the trade each verify, in writing, the same quantity (MW) and import path of the trade⁴. All trades are tracked and registered at the CAISO. The CAISO will not permit trades that violate the rules noted above.

Step 2c. LSEs must respond to the Transmission Import Capability Data Request, as set forth in this RA Guide, which will also be distributed by the CAISO as a Market Notice.

Completion Date: LSEs must respond by COB, January 4, 2005

Step 3. Each LSE decides how to divide up its allocation and then submits a Accounting Credits for Import Capacity (ACIC) request to the CAISO for the amount of intertie capacity it desires for a given intertie path, including information on existing resource contracts that is has that utilize intertie capacity (for evergreen priority).⁵

³ For example, assume after Step 1 LSE1 has a Total Load Share of 7% and LSE3 had a Total Load Share of 8%. Without trading LSE1 would be entitled to a total ACIC of $9,439 \times 7\% = 660.7\text{MW}$ and LSE3 would be entitled to a total ACIC of $9,439 \times 8\% = 755.1$. Assume now that LSE1 trades to acquire .5% Total Load Share from LSE3. As a result of the trade LSE1 increases its Total Load Share to 7.5% and LSE3 reduced its Total Load Share by .5% to 7.5%. Thus as a result of Total Load Share trading, LSE1 and LSE3 wind up 7.5% Total Load Share and both LSEs are eligible for 660.7MW of ACIC. Each LSE also has 7.5% Intertie Load Share on each intertie.

⁴ For example, assume per Step 1 LSE1 has a Total Load Share of 7.5%. As a result, its Intertie Load Share percentage on every intertie is 7.5%. For any intertie path, LSE1 can trade any portion of its 7.5% Load Share to any eligible LSE. If LSE1 trades away Load Share on a given intertie and then requests ACIC, it will receive a pro-rata ACIC allocation based only on its remaining Load Share (i.e. the Load Share left after its trade) if the line is over subscribed.

⁵ LSEs that have been allocated DWR contracts originating outside the CAISO's control area would submit those contracts as well for ever-greening priority.

Completion Date: LSE requests submitted by COB, January 6, 2005.

Discussion: Each LSE submits its request to the CAISO for megawatt amounts on specific intertie paths. The sum of the megawatt requests may not exceed the LSE's total eligible allocation MW quantity received in Step 2a. LSEs with "evergreen" contracts must submit documentation to the CAISO to get their priority allocation.⁶ Required documentation is copies of contracts (with prices redacted) that show the source, delivery point and contract term. For DWR contracts that contain seller's choice provisions, that documentation may also include historical deliveries used to determine the intertie path normally used; however the total capacity of these contracts would be allocated to paths even if it was not fully utilized in the historic period. The current CPUC RA confidentiality rules apply to these filings.

Step 4. The CAISO adds up the LSE ACIC requests for each intertie path and determines if any intertie paths have been over-requested. For each path that has been over-requested by LSEs, the CAISO will allocate ACIC to LSEs with "evergreen" contract priority based on documentation submitted by those LSEs. Any remaining ACIC after the evergreen priority has been utilized will be allocated to LSEs based on their "load share percentage". The CAISO will notify each LSE how much of its ACIC request for each path has been accepted. The CAISO will post on its web site the intertie paths that have unassigned megawatts available. The CAISO will also post the total megawatts requested by LSEs that were rejected.

Completion Date: LSEs notified and web postings made by COB, January 9, 2006.

Discussion: The CAISO determines if the LSE requests, in aggregate, exceed the allocatable capacity of a given intertie path. The CAISO shall not perform any additional technical analysis (i.e. powerflow studies).

The phrase "Intertie Load Share" percentage used in the decision refers to the share each LSE was allocated in Step 1 and Step 2a, plus or minus any allocation gained/lost in Step 2b, on a intertie specific basis. For example assume the CAISO determines that after Step 2b LSE1 has an Intertie Load Share percentage of 5% on a specific intertie, and that LSE2 has an Intertie Load Share percentage of 10% on that same intertie⁷. Assume also that after allocating MWs to the evergreen contracts, the line is over-requested and has a total of 100 MW still available for allocation. LSE1 would receive $5\% / (10\% + 5\%) * 100\text{MW} =$

⁶ The CPUC should consider if some form of aggregate, intertie specific information on evergreened contracts should be released. It is envisioned that once an evergreen contracts expires, the associated intertie capacity would become available for new ACIC requests. Information concerning contract expiration dates and quantities, on an intertie specific basis, might assist parties in their planning if they knew when and where additional ACIC would likely become available.

⁷ To illustrate the impact of trading Intertie Load Share, consider the case where after Step 1 and Step 2a, LSE1 and LSE2 had original Intertie Load Shares of 7.5%. To achieve the result in the main text, LSE1 trades 2.5% to LSE2 such that LSE1 has a remaining Intertie Load Share of 5% and LSE2 has a resulting Intertie Load Share of 10% on this specific intertie. (Assuming no other trading, LSE1 and LSE2 continue to have 7.5% Intertie Load Shares on all remaining interties.) The Intertie Load Share trade only comes in to play if the line is oversubscribed, in which case LSE2 will receive a larger ACIC allocation and LSE1 will receive a smaller allocation, per the example in the main text, as a result of the trade.

33.3MW, and LSE2 would receive $10\%/(10\%+5\%)*100\text{MW} = 66.7\text{MW}$ on this intertie. In no case would LSE1 or LSE2 receive more than their original intertie request⁸. After completing this calculation for every path that has been over-requested, the CAISO will tally the results for each LSE and notify each LSE accordingly. The CAISO will also calculate which intertie paths have unassigned megawatts and post the total available megawatts for each path on its web site, as well as the total megawatts requested by LSEs that were unassigned.

Step 5. If a LSE had some or all of its requests rejected by the CAISO, that LSE may submit new requests for intertie paths with unassigned capacity.

Completion Date: LSE requests submitted by COB, January 11, 2006.
(2 business days after Step 4)

Discussion: This step is added to provide LSE's a "second chance" at fully utilizing their allocated import capacity based on the results of the first intertie allocation round (Step 2a). A LSE is only able to submit requests for the intertie paths with unassigned capacity and for a megawatt amount that, when added to the intertie capacity it was allocated in Step 4, does not exceed its eligible allocation quantity from Step 2a.

Step 6. The CAISO adds up the LSE requests for each intertie path with unassigned capacity and determines the extent to which each LSE's request can be accommodated. If a particular intertie path is over-requested, the CAISO will distribute the available megawatts to the LSEs based on their Load Share percentage. If any intertie capacity still remains unassigned on any path, it will be redistributed to the LSEs with unassigned allocations based on their load share percentages on each path. At the completion of this step, all intertie capacity should be assigned.

Completion Date: CAISO notifies LSEs by COB, January 13, 2006

Discussion: This should be a simple calculation and pro-rata allocation if a particular intertie path with unassigned capacity after Step 4 is over-requested. This additional distribution will ensure that all the allocations made in Step 1 (as modified in Step 2) will, in fact, be able to be allocated to the LSEs.

(End Intertie Allocation Process)

⁸ For example, if LSE1 originally requested 30MW, and LSE2 requested 75MW, after the pro-rata allocation LSE1 would receive only 30MW (its full request rather than the 33.3MW pro-rate share) and LSE2 would receive $66.7+3.3=71\text{MW}$ of ACIC.

7. Resource Adequacy (RA) Portfolios

Energy Division has determined that the RA compliance process can accommodate the use of Resource Adequacy (RA) Portfolios, which are plant-specific RA contracts, not unit-specific RA contracts. For example, in a year-ahead compliance filing, LSE-ABC may want to enter into an RA contract with a generator for 200 MW to be provided by any one of three units at the Acme Power Plant, as opposed to a specific unit.

For purposes of the year-ahead 90% compliance filings only, RA portfolios are acceptable, subject to the following conditions:

1. The portfolio must be eliminated and converted to specific units in the month-ahead RA showing.
2. Any portfolio must be unique and the units behind that portfolio must be specified, communicated to the CAISO/CPUC, and not allowed to change.
3. The portfolio may not have total capacity greater than the summed Qualifying Capacity of the individual units.
4. Portfolio may only be comprised of units served by the same busbar.
5. All units are located in the CAISO control area.

8. Liquidated Damages (LD) Contracts

In order to be counted for the RA annual filing liquidated damage (LD) contracts must comply with the following rules:

1. No LD contract entered into after 10/27/05 can be used for RA purposes.
2. LD contracts entered into on or before 10/27/05 can not be modified to increase the number of MW or the duration of the contract for RA purposes.
3. For 2006, the maximum amount of LD contracts that may be included in an LSE's RA portfolio is 75%. For example, if LSE-1's total RA filing requirement is 1,000 MW, then LSE-1 cannot count more than 750 MW of LD contracts towards its RA filing requirement.

In addition, the Energy Division requires a showing of all existing LD contracts in sufficient detail to ensure compliance with program requirements. The LD template is required to be completed by all LSEs. LSE's allocations of existing LD contracts counting toward Resource Adequacy will be based on this showing and verification checks. Failure to complete the template may result in a zero crediting of LD contracts toward an LSE's Resource Adequacy requirement.

9. Transmission Import Capability Data Request

The following section of the RA Guide will also be served as a Market Notice by the CAISO on the same day this RA Guide is issued by the CPUC Energy Division.

All Load Serving Entities (LSEs)⁹ in the CAISO Control Area are asked to provide information to facilitate the allocation of Transmission Import Capability (TIC). The TIC is established by the CAISO's Baseline Deliverability assessment for each Resource Adequacy Branch Group as adopted by the California Public Utilities Commission. Specifically, this information request addresses: (1) existing firm import contracts¹⁰ that have been signed with suppliers of capacity and/or energy prior to October 27, 2005, (2) certain Department of Water Resources (DWR) contracts assigned to the Investor Owned Utilities, and (3) other Firm Liquidated Damages (LD) contracts.¹¹ Information related to Resource Contracts that are scheduled into the ISO Control area using Existing Transmission Contract capacity do not need to be provided.

Information Format Requirements

LSEs are asked to submit the required information on the corresponding sample templates provided below. Some of the information requested is categorical, and some is numeric, but several topics are primarily descriptive in nature. A separate form will be needed for each contract. Templates 1 and 2 request general contract and/or resource information.

Contracts Covered By This Request

For each and every firm import contract that specifies a supply of energy or capacity that must be imported across the CAISO Control Area Boundary, and DWR seller's choice contracts and LD contracts that have historically been imported across the CAISO Control Area Boundary, LSEs must provide the information described below and shown on the corresponding form below.¹²

Supplier

Name the contracted supplier/producer of energy and/or capacity according to the contract. This entity is sometimes called the counterparty to the contract.

Start Date

State the initial delivery date of the product(s) being purchased.

Expiration Date

⁹ Load Serving Entities or LSEs means an electrical corporation, electric service provider or community choice aggregator.

¹⁰ Firm import contracts are defined as import contracts that satisfy the requirements for resource adequacy import resources set forth in CPUC Decisions 04-10-035 and 05-10-042.

¹¹ Firm LD contracts for purposes of this data request are defined by section 7.4 of D.05-10-042.

¹² SCE, PG&E, Constellation, Sempra, and SDG&E, all provided Import Contract information to the CAISO on August 15, 2005 for a Supplemental Deliverability Study. However, contracts signed between January 1, 2005 and August 27, 2005, DWR seller's choice contracts, and Firm LD contracts were not requested at that time and were not provided. For these entities, only information related to contracts signed between January 1, 2005 and August 27, 2005, CDWR sellers choice contracts, and Firm LD Contracts need to be provided.

Provide the date for final delivery of the product(s) being purchased. If this date is contingent upon future actions by parties to the contract, market conditions, this should be explained in notes appended to the form. Information regarding the ability of one party to unilaterally terminate the contract after its inception should be entered under Performance Requirements and Termination/Extension Clauses and Rights or in notes appended to the form.

Qualifying Capacity (MW)

List the Qualifying Capacity during summer annual super-peak load conditions, as defined by the CPUC resource adequacy requirements.

Availability

Please identify provisions of the contract that describe the use of the qualifying capacity during system peak conditions.

Branch Group/Delivery Points

Name the CAISO Branch Group that the contract capacity or energy was most frequently scheduled across in Summer 2004. Name the point(s) at which energy can be delivered (*e.g.*, NP15, Malin, Lugo substation). If multiple points, indicate whether buyer or seller has option.

TEMPLATE 1
Resource Adequacy Transmission Import Capability Allocation
Existing Firm Import Energy and Capacity Contract Information
California ISO

Filing LSE:	
Date:	
Contact:	
Contact Number:	
Supplier	
Start Date	
Expiration Date	
Qualifying Capacity (MW)	
Availability	
Branch Group/Delivery Points	

Resource Adequacy Transmission Import Capability Allocation
Existing Utility Owned Generation Resources Located Outside of the CAISO Control Area

All LSEs, as defined above, in the CAISO Control Area¹³ are asked to provide data on existing LSE owned generation resources that are located outside of the CAISO Control Area.

Specific types of information requested from LSEs are described below. These information categories correspond to those shown on the corresponding form below.

Generating Resource Name

Enter the project name.

Qualifying Capacity (MW)

List the Qualifying Capacity during summer annual superpeak load conditions, as defined by the CPUC resource adequacy requirements.

Branch Group

Name the ISO Branch Group that the utility owned generation energy was most frequently scheduled across in Summer 2004.

¹³ SCE, PG&E, Constellation, Sempra, and SDG&E all provided resource information to the CAISO on August 15, 2005 for a Supplemental Deliverability Study. For these entities, only information related to resources acquired between January 1, 2005 and August 27, 2005 needs to be provided.

TEMPLATE 2
Resource Adequacy Transmission Import Capability Allocation
Existing Utility Owned Generation Resources Located Outside of the CAISO Control Area

Filing LSE:		
Date:		
Contact Name:		
Contact Number:		
Generating Resource Name	Qualified Capacity	Branch Group

10. Certification For LSE Resource Adequacy Compliance Filing

All LSE Resource Adequacy (RA) compliance showings shall be filed under the following certification.

Consistent with Rules 1 and 2.4 of the CPUC's Rules of Practice and Procedure, this resource adequacy compliance filing has been verified by an officer of the corporation, who shall expressly certify, under penalty of perjury, the following:

1. I have responsibility for the activities reflected in this filing;
2. I have reviewed this compliance filing;
3. Based on my knowledge, this filing does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made;
4. Based on my knowledge, this [filing] contains all of the information required to be provided by CPUC orders, rules, and regulations.

The actual certification page to be completed and signed is contained as a separate tab in each of the template workbooks.

11. RA Filings Instructions

CPUC Energy Division 505 Van Ness Avenue 4 th Floor San Francisco, CA 94102 Attn: Tariff Room (RAR Filing)	California Energy Commission 1516 Ninth Street Sacramento, CA 95814 Attn: Mike Jaske (RAR Filing)	California Independent System Operator 151 Blue Ravine Road Folsom, CA 95630 Attn: RAR Filing
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January 27, 2006 RA Filing

File with the CPUC by Advice Letter:

1. Completed RA Reporting Workbook for June, July, August and September 2006;
2. Completed LD Contracts Workbook;

The filing must include hardcopies and a CD containing electronic filings of each workbook. Each workbook must include a certification signed by an officer of the corporation.

How To File An Advice Letter with the CPUC. The Commission's advice letter filing procedures are set forth in General Order 96-A, III. Rules For Submission Of Tariff Sheets, <http://www.cpuc.ca.gov/PUBLISHED/Graphics/656.PDF> (beginning on p.7 of the PDF file). (The advice letter filing process was originally developed as part of the tariff sheet review process but has been expanded for use with a variety of filings before the CPUC). GO96-A requires that LSEs file four copies of each advice letter, one of which will be returned to the LSE upon approval of the filing. Newer LSEs may opt to read the filing details set forth in GO 96-A, or simply follow the general advice letter form shown by PG&E, SCE, or SDG&E advice letter filings:

- PG&E, <http://www.pge.com/notes/rates/tariffs/advice/html/>
- SCE, <http://www.sce.com/AboutSCE/Regulatory/adviceletters/>
- SDG&E, http://www.sdge.com/regulatory/tariff/advice_index.shtml

R.04-04-003 Service List, and 12/09/2005 RAR Workshop Attendees,

The primary purpose of this errata email note is to transmit the revised Maximum Cumulative Contribution (MCC) percentages which replace those issued by the CPUC Energy Division on December 21, 2005. The Energy Division also notes that the RMR condition 2 allocations were mailed December 28, 2005, and the intertie contact information is provided below.

**ERRATA to the December 21, 2005 Guidance to all Load-Serving Entities (LSEs)
Regarding the Upcoming January 27, 2006 Resource Adequacy Requirement Compliance Filings:**

Revised MCC Percentages: The Energy Division documents, sent on December 21, 2005, contained an error in the supporting documents that resulted in incorrect MCC percentages in both the Guidance document and the Template. The calculation methodology has not been changed. Enclosed is a revised spreadsheet with supporting calculations and load data in file, CPUC01-#217658-v2-Revised_Final_RA_MCC_Top_Down_Table_1_on_12-29-2005.xls.

The revised MCC percentages are shown below.

SUMMER 2006	
RESOURCE CATEGORY	MCC PERCENTAGES
Category #1	13.3%
Category #2 (Sum of 1, 2)	18.6%
Category #3 (Sum of 1, 2, 3)	30.1%
Category #4 (Sum of 1,2,3,4)	100.0%

Allocation of Reliability Must Run (RMR) Condition 2 Units : As set forth in the RA Guide, "...the CEC/PUC will calculate the LSE share of each IOU transmission service area annual peak (based on the CEC's forecasts). ... The CEC/PUC will apply the annual share percentages in each IOU transmission service area against total RMR Condition 2 MWs in that respective IOU transmission service area to allocate RMR Condition 2 MWs." On December 28, 2006, the CPUC Energy Division sent a confidential hardcopy letter to each LSE (via US Mail) that contains their respective RMR Condition 2 allocation for use in the 2006 demonstrations.

Intertie Import Allocation Process: Some parties are having difficulty finding the forecast peak information to use in the calculation. The Guide states " For 2006, according to the CEC forecast information the peak month used for this calculation is August." From the CEC load forecast mailing Attachment 2: 2006 Resource Adequacy Load Forecast Adjustment Documentation, Line 7- Final adjusted forecasts to be used for compliance, column 5 – August, the forecast is 42,446 MW.

RA Reporting Template Spreadsheet: Energy Division plans to issue a revised version of the RA reporting template spreadsheet that was originally issued on December 21, 2005. The revised version will contain a more detailed and automated summary tab which will more easily allow each LSE to quickly determine the relative compliance level of their RA filing.

Revised Version issued on 12-29-2005
Part of the CPUC Energy Division 12-21-2005
Determination on RAR Implementation Issues

Table 1 Energy Division Implementation of the Mirant Top Down Methodology as adopted in D.05-10-042 Calculation of MCC Percentages	
Summer 2006	
Hours in Month	744
<u>Hours in Resource Category</u>	
Category #1 (5x4 hrs)	84
Category #2 (5x8 hrs)	171
Category #3 (6x16 hrs)	415
Maximum Cumulative Contribution (MCC) <u>Limits by Category</u>	
Category #1	13.3%
Category #2 (Sum of 1, 2)	18.6%
Category #3 (Sum of 1, 2, 3)	30.1%
Category #4 (Sum of 1,2,3,4)	100.0%
<u>System Load (MW)</u>	
Peak Hour	41,789
Start of Category #2 Hour	36,237
Start of Category #3 Hour	34,026
Start of Category #4 Hour	29,211
90% of Peak	37,610
<u>System Incremental Load (MW)</u>	
Category #1 Bucket	5,552
Category #2 Bucket	2,211
Category #3 Bucket	4,815
Category #4 Bucket	29,211
<u>Cumulative Load in Each Bucket (MW)</u>	
Category #1 Bucket	5,552
Category #1,2 Buckets	7,763
Category #1,2,3 Buckets	12,578
Category #1,2,3,4 Buckets	41,789
Minimum Cumulative Requirement (MCR) <u>by Category</u>	
Category #4 Bucket	69.9%
Category #4, 3 Buckets	81.4%
Category #4, 3, 2 Buckets	86.7%
Category #4, 3, 2, 1 Buckets	100.0%

APPENDIX B

Resource Adequacy Year-Ahead Filing Template and Instructions

Worksheet A. CERTIFICATION FORM

Energy Service Provider Registration Number (if applicable): Scheduling Coordinator: Month of Filing (June 2006, July 2006, August 2006, or September 2006):	Name of Load Serving Entity (LSE):

Certification of Information:

Consistent with Rules 1 and 2.4 of the CPUC's Rules of Practice and Procedure, this resource adequacy compliance filing has been verified by an officer of the corporation, who shall expressly certify, under penalty of perjury, the following:

1. I have responsibility for the activities reflected in this filing;
2. I have reviewed this compliance filing;
3. Based on my knowledge, this filing does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made;
4. Based on my knowledge, this [filing] contains all of the information required to be provided by CPUC orders, rules, and regulations.

Certified By Authorized LSE Representative (Name):
Title:
Date:
Signature (sign the hard copy of filing):

Contact Person for Questions about this Filing:

Name:
Title:
Email:
Telephone:
Address:
Address 2:
City:
State:
Zip:

Back-Up Contact Person for Questions about this Filing (Optional):

Name:
Title:
Email:
Telephone:

January 9, 2006

Instructions for RA Reporting Template

These instructions for the RA Reporting Template spreadsheet consist of the following:

- A. Overview
- B. Instructions for the Certification Sheet
- C. Summary Tab
- D. Instructions for the Resource Reporting Worksheets
- E. Worksheets on Dispatchable Demand Response Program Resources

A. Overview

The Resource Adequacy Template was created to assure that each Load Serving Entity ("LSE") owns or contracts for sufficient capacity to meet its Resource Adequacy Requirement (RAR). A previous version of this RA template workbook was issued on December 21, 2005, and is now replaced by this January 9, 2006 version. This latest version of the RA template workbook contains a substantially improved Summary Tab, as well as improvements to the underlying data/resource tabs.

The Summary Tab of the RA template workbook is now almost entirely automated, requiring the LSE to only fill out (1) the Month of Filing in Cell E8, and (2) the "Peak Demand [Coincident Peak Hour Demand Forecast provided by CEC] (MW)" in Cell E9. Once the LSE has input its resource information into the supporting spreadsheet tabs, the Summary Tab will automatically tabulate an LSE's compliance.

The template workbook requires each LSE to identify the specific resources that will supply capacity to meet its own RAR. For compliance purposes, an LSE may count capacity toward its RAR obligation in each of the four resource categories or buckets up to the "Maximum Cumulative Countable Capacity Levels" shown in Summary Table 3, Column J.

Each LSE must file one RA template workbook for each month reported. Thus, for the Summer 2006 Year-Ahead filing, each LSE must file four (4) separate spreadsheet workbooks, one for each month: June 2006, July 2006, August 2006, and September 2006. The Certification sheet is to be completed and the name of an appropriate officer of the LSE is to be entered.

B. Instructions for the Certification Sheet

Name of LSE – The legal name of the Load Serving Entity.

ESP Registration Number -- If the LSE is a registered ESP, provide the registration number.

CAISO Scheduling Coordinator – The CAISO Scheduling Coordinator that submits schedules for the load for the Load Serving Entity. The Scheduling Coordinator must submit a separate report to the CAISO for each LSE it represents.

Completed By – The name of the person responsible for the accuracy and completeness of the form.

Title – The title of the person responsible for the accuracy and completeness of the form.

Date – The date the form is completed.

Contact Information – Provide this information to facilitate review of the filing.

C. Summary Tab

The Summary Tab of the RA workbook tabulates data from the supporting resource worksheets. The Summary Tab consists of the five Summary tables described below. As noted above, the Summary Tab is now almost entirely automated, requiring the LSE to only fill in the following three data points in the Summary Tab, which are highlighted in light blue:

1. The “Month of Filing” in Cell E8 in Summary Table 1;
2. The “Peak Demand [Coincident Peak Hour Demand Forecast provided by CEC] (MW)” in Cell E9 in Summary Table 1; enter the amount from the November 22, 2005 CEC mailing, Attachment 1, Final Load Forecast to be Used for Compliance; and
3. RMR Condition 2 Allocation in Cell B24 in Summary Table 2; enter in Column B the MW amount from the December 28, 2005 CPUC mailing.

Once the LSE has input its resource information into the supporting spreadsheet tabs, the Summary Tab will automatically tabulate an LSE’s compliance.

Summary Table 1, LSE Obligations

As noted above, the LSE needs to input data to Cells E8 and E9 in Summary Table 1. This table starts with the LSE obligation in MW provided by the CEC; grosses it up by 15%; subtracts out dispatchable demand response programs; and calculates 90% of that amount as the target year-ahead RAR goal. The demand response line items are pulled from the following tabs in the workbook:

Resource Types	
Demand Response available more than 2 hours per day [115% of Spreadsheet Tab DR-a] (MW)	Worksheet Tab Name = DR-a_2hr-Plus
Demand Response available no more than 2 hours per day [115% of Spreadsheet Tab DR-b] (MW)	Worksheet Tab Name = DR-b_2hr-max

Summary Table 2, Total Claimed Resource Adequacy Capacity by Type of Capacity (MW)

Table 2 summarizes the LSE’s capacity showing by resource type (rows) and by bucket type (columns), that the LSE would like to count toward its RAR goal. The LSE must manually input its “RMR Condition 2 Allocation” into Cell B24 in Summary Table 2.

The RA template workbook contains the following resource worksheets, which are respectively subtotaled at the top of each sheet then tabulated in Summary Table 2:

Resource Types	
I. Physical Resources in ISO Control Area Worksheet Tab Name = I_Phys_Res	
II. Unit Contingent Resources from Outside the ISO Control Area Worksheet Tab Name = II_Unit_Import	
III. Non-Unit Contingent Resources from Outside the ISO Control Area Worksheet Tab Name = III_NonUnit_Import	
IV. Resources Under Construction Worksheet Tab Name = IV_Construc	
V. Liquidated Damages Contracts that do not specify a Physical Source or Tie Point for the Energy Worksheet Tab Name = V_LD_Contracts	
VI. Portfolio Resources Worksheet Tab Name = VI_Portfolio_RA	

Summary Table 3. Maximum 90% Compliance Showing Cumulative Load in Each Bucket (MW)

Table 3 shows the Maximum Cumulative Contribution (MCC) figures that were issued as errata by the Energy Division on 12/29/2005. This table automatically calculates LSE-specific MW values that correspond to the MCC percentages; and automatically calculates how much capacity will count based on the data provided in the supporting spreadsheet tabs.

Summary Table 4. Resource Category by Bucket (MW)

Table 4 respectively assembles an LSE's "Claimed Capacity" (from Table 2), and "Countable Capacity" (from Table 3) by individual bucket. Table 4 is a necessary intermediate step that breaks down this data into individual buckets, which are then reassembled in the opposite order in Table 5.

Summary Table 5. Minimum Required Compliance Showing by Category (MW)

Table 5 shows the Minimum Cumulative Requirement (MCR) as percentages and in MW. This is the minimum amount of cumulative capacity the LSE must have in Bucket 4; Buckets 4 & 3; Buckets 4 & 3 & 2; and Buckets 4 & 3 & 2 & 1. This is the point of compliance for the LSEs. Each LSE has to show up with AT LEAST a specific amount of capacity in each of these minimum buckets. Table 5 automatically shows the LSE's short/long position in the minimum buckets, and automatically displays whether the LSE is "Compliant" or "Non-Compliant" at each level.

D. Instructions for the Resource Reporting Worksheets

Do not enter data into the gray shaded areas, since that is summary for the resource category that is transferred to the Summary worksheet. If it is necessary to include more rows of data in any one worksheet, then make sure the spreadsheet properly creates the subtotal and that it transfers to the Summary Table 2.

Worksheet I. Physical Resources in ISO Control Area

Contract Identifier - The name by which the relevant contract is commonly referred and/or internal reference number, e.g. "Mirant 1" or "Williams D" or "Sunrise". In some cases, a single contract identifier covers multiple units (i.e. there may be multiple rows with the same contract identifier)

Resource ID in CAISO Master File - The CAISO-assigned Resource ID.

Resource Adequacy Capacity (MW) - This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry. Finally, resource portfolio forward commitments, to the limited extent permitted, should not be reported in this section, but should be reported in Section VI.

RAR Capacity Effective Start Date - The first date during the RAR month when the Resource Adequacy Capacity quantity becomes available to the LSE

RAR Capacity Effective End Date - The last date during the RAR month when the Resource Adequacy Capacity quantity is available to the LSE

Resource Capacity Contract Number - LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Minimum Hours in Month - The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RA obligation.

Resource Category - The categorization of RA Resources based on physical or contractual operating limitations. The four Resource Categories for the 2006 Year-Ahead Report are:

Resource Category: Hours of Operation in a Month
Resource Categories and Minimum Hours to Qualify for Bucket
Category #1 Bucket: Greater than or equal to the ULR monthly hours. These are for June through September, respectively: 40, 40, 60, and 40.
Category #2 Bucket: 160 hours
Category #3 Bucket: 384 hours
Category #4 Bucket: Unrestricted

Worksheet II. Unit Contingent Resources from Outside the ISO Control Area**Resource ID in the CAISO Master File** - The CAISO-assigned Resource ID.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

RAR Capacity Effective Start Date – The first date during the RAR month when the Resource Adequacy Capacity quantity becomes available to the LSE

RAR Capacity Effective End Date – The last date during the RAR month when the Resource Adequacy Capacity quantity is available to the LSE

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Minimum Hours in Month – The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RA obligation.

Branch Group – The name of the Branch Group that CAISO import capability has been allocated for purposes of RA to the LSE.

Allocation of RA Import Branch Group (MW) – The quantity of total qualified capacity available to the specific LSE at the specific Branch Group, as defined by the CAISO for the purposes of RAR.

Resource Category – The categorization of RA Resources based on physical or contractual operating limitations.

Worksheet III. Non-Unit Contingent Resources from Outside the ISO Control Area

Branch Group – The name of the Branch Group that CAISO import capability has been allocated for purposes of RA to the LSE.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

RAR Capacity Effective Start Date – The first date during the RAR month when the Resource Adequacy Capacity quantity becomes available to the LSE

RAR Capacity Effective End Date – The last date during the RAR month when the Resource Adequacy Capacity quantity is available to the LSE

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Minimum Hours in Month – The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RA obligation.

Allocation of RA Import Branch Group (MW) – The quantity of total qualified capacity available to the specific LSE at the specific Branch Group, as defined by the CAISO for the purposes of RAR.

Resource Category – The categorization of RA Resources based on physical or contractual operating limitations.

Worksheet IV. Resources Under Construction

Resource ID in CAISO Master File (or Resource Name if no ID) – The CAISO-assigned Resource ID (or Resource Name if no CAISO Resource ID). **Resource Adequacy Capacity (MW)** – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

RAR Capacity Effective Start Date – The first date during the RAR month when the Resource Adequacy Capacity quantity becomes available to the LSE

RAR Capacity Effective End Date – The last date during the RAR month when the Resource Adequacy Capacity quantity is available to the LSE

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Minimum Hours in Month – The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RA obligation.

Date of Commercial Operation – The date that a Generating Unit at a Generating Facility has completed construction, interconnected to the applicable distribution or transmission system, completed all start-up, commissioning and performance testing, received final approvals from the applicable distribution or transmission provider, and commenced scheduling or bidding for the sale of electricity in the forward market. The establishment of contracts and agreements between an LSE and an energy supplier or developer will have no bearing or affect on the determination of Commercial Operation.

Resource Category – The categorization of RA Resources based on physical or contractual operating limitations.

Worksheet V. Liquidated Damages Contracts that do not specify a Physical Source for the Energy and do not specify a Tie Point

CPUC Liquidated Damages Contract ID – The ID assigned to the Liquidated Damages Contract as specified in the CPUC master list of all Liquidated Damages Contracts.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

RAR Capacity Effective Start Date – The first date during the RAR month when the Resource Adequacy Capacity quantity becomes available to the LSE

RAR Capacity Effective End Date – The last date during the RAR month when the Resource Adequacy Capacity quantity is available to the LSE

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification. Use the following convention for reporting LD contracts -- LD-LSE initials-001, then LD-LSE acronym-002, etc. For example, LD-SCE-001 is the first LD contract for Southern California Edison.

Minimum Hours in Month – The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RA obligation.

CAISO Congestion Zone – The congestion zone where the capacity will be delivered. This field can contain more than one congestion zone if necessary. If capacity can be delivered in all CAISO congestion zones, use "CAISO Control Area" as the input.

Resource Category – The categorization of RA Resources based on physical or contractual operating limitations.

Worksheet VI. Portfolio Resources

Plant Name – The name of the plant in which a group of units sharing a common bus-bar have been identified without yet knowing which units will be selected.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

RAR Capacity Effective Start Date – The first date during the RAR month when the Resource Adequacy Capacity quantity becomes available to the LSE

RAR Capacity Effective End Date – The last date during the RAR month when the Resource Adequacy Capacity quantity is available to the LSE

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Minimum Hours in Month – The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RA obligation.

Branch Group – The name of the Branch Group that CAISO import capability has been allocated for purposes of RA to the LSE.

Allocation of RA Import Branch Group (MW) – The quantity of total qualified capacity available to the specific LSE at the specific Branch Group, as defined by the CAISO for the purposes of RAR.

Resource Category – The categorization of RA Resources based on physical or contractual operating limitations.

Unit Resource ID: Enter the CAISO Resource ID for each unit included within the common bus-bar portfolio. Include as many columns as necessary.

E. Worksheets on Dispatchable Demand Response Program Resources**Worksheet DR-a RESOURCES**

DR-a_2hr-Plus. Dispatchable Demand Response Program Resources Available more than 2 hours per day

Program Name – The name of the program. For those programs not unique to an LSE, use the name for the capacity reported by the CEC Staff.

Resource Adequacy Capacity (MW) – The quantity of capacity that the LSE has been allocated by the CEC Staff and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Program Operator – The entity that will physically dispatch the program.

Program Capacity (MW) – The total program capacity as reported by the CEC staff.

Authorized Operation Start Date – Identify the date within a calendar year that the program is allowed to commence operations.

Authorized Operation End Date – Identify the date within a calendar year that the program is obligated to shut down for the year.

Total Authorized Hours of Operation– Report the annual hours of operation authorized for the program.

Worksheet DR-b. RESOURCES**DR-b_2hr-max. Dispatchable Demand Response Program Resources Available not more than 2 hours per day**

Program Name - The name of the program. For those programs not unique to an LSE, use the name for the capacity reported by the CEC Staff.

Resource Adequacy Capacity (MW) - The quantity of capacity that the LSE has been allocated by the CEC Staff and that will be counted toward its requirement for that RAR Month. Note: the Resource Adequacy Capacity amount cannot exceed the Qualified Capacity amount for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Program Operator - The entity that will physically dispatch the program.

Program Capacity (MW) - The total program capacity as reported by the CEC staff.

Authorized Operation Start Date - Identify the date within a calendar year that the program is allowed to commence operations.

Authorized Operation End Date - Identify the date within a calendar year that the program is obligated to shut down for the year.

Total Authorized Hours of Operation- Report the annual hours of operation authorized for the program.

Cell Label below -- do not delete:
MW

Worksheet B. SUMMARY**Notes:**

All values on this Summary Tab will calculate automatically from other parts of workbook, except cells in light blue highlight in E8, E9, and B25. Cells in light blue on the Summary Tab must be entered by each LSE.

Double-Click on Yellow-Highlighted Cells below to go to Each Supporting Worksheet Tab. In order to use this "Double-Click" feature, you must unselect the 'Edit Directly In Cell' feature in MS-Excel. To do this, on the MENU BAR above, select TOOLS then the EDIT tab and make sure there is NO checkmark in the 'Edit Directly In Cell' box.

Summary Table 1 LSE Obligations			Abbreviation
Month of Filing (June 2006, July 2006, August 2006, or September 2006):	-		Filing Month
Peak Demand [Coincident Peak Hour Demand Forecast provided by CEC] (MW):	0		Peak Demand
Forward Commitment Obligation for Year-Ahead [115% of Peak Demand] (MW):	0		FCO-115%
Demand Response available more than 2 hours per day [115% of Spreadsheet Tab DR-a] (MW):	0		DR-a
Demand Response available no more than 2 hours per day [115% of Spreadsheet Tab DR-b] (MW):	0		DR-b
Forward Commitment Obligation for Year-Ahead Minus Demand Response (MW):	0		FCO-DR
Resource Adequacy Requirement (RAR) [90% of DR-Adjusted Fwd. Commitment Obligation for Year-Ahead] (MW):	0		RAR

Summary Table 2 Total Claimed Resource Adequacy Capacity by Type of Capacity (MW)						
Type of Capacity (Double-Click on Yellow-Highlighted Cells below to go to Each Supporting Worksheet Tab)	Resource Adequacy Capacity (MW)	Sum of Resource Category 1	Sum of Resource Category 2	Sum of Resource Category 3	Sum of Resource Category 4	Percentage of All RA Resources
(A)	(B)	(C)	(D)	(E)	(F)	(G)
I. Physical Resources in ISO Control Area	0	0	0	0	0	#DIV/0!
II. Unit Contingent Resources from Outside the ISO Control Area	0	0	0	0	0	#DIV/0!
III. Non-Unit Contingent Resources from Outside the ISO Control Area	0	0	0	0	0	#DIV/0!
IV. Resources Under Construction	0	0	0	0	0	#DIV/0!
V. Liquidated Damages Contracts that do not specify a Physical Source or Tie Point for the Energy	0	0	0	0	0	#DIV/0!
VI. Portfolio Resources	0	0	0	0	0	#DIV/0!
VII. RMR Condition 2 Allocation	0				0	#DIV/0!
Total Resource Adequacy Capacity	0	0	0	0	0	

Summary Table 3 Maximum 90% Compliance Showing Claimed vs. Countable Load in Each Bucket (MW)					
Categories	Maximum Cumulative Contribution (MCC) Allowed (%)	Maximum Cumulative Countable Capacity Levels (MW)	Claimed Resource plus countable from prior bucket (MW)	Countable Cumulative Resource Capacity (MW)	Countable Resource Adequacy Capacity (%)
		(J) = (I) x RAR = 0 MW	(K) = (L) + Total of Table 2	(L) = Minimum of (J) or (K)	(M)
Category #1 Bucket	(I)	(J)	(K)	(L)	(M)
Category #1,2 Buckets	13.3%	0	0	0	#DIV/0!
Category #1,2,3 Buckets	18.6%	0	0	0	#DIV/0!
Category #1,2,3,4 Buckets	30.1%	0	0	0	#DIV/0!
	100%	unrestricted	0	0	#DIV/0!

Summary Table 4 Resource Category by Bucket (MW)			
Categories	Claimed Resource Adequacy Capacity by Bucket (MW)	Countable Resource Adequacy Capacity by Bucket (MW)	Resource Adequacy Capacity Relative to 90% of RAR
	(O)	(P)	(Q)
Resource Category #1 Bucket	0	0	#DIV/0!
Resource Category #2 Bucket	0	0	#DIV/0!
Resource Category #3 Bucket	0	0	#DIV/0!
Resource Category #4 Bucket	0	0	#DIV/0!
Cumulative Total	0	0	#DIV/0!

Summary Table 5 Minimum Required Compliance Showing by Category (MW)					
Categories	Minimum Cumulative Requirement (MCR) %	Minimum Capacity Levels (MW)	Countable Resource Adequacy Capacity (MW)	(Short)/Long on Capacity (MW)	Compliance Status
	(S)	(T)	(U)	(V) = (U) - (T)	(W) = "Compliant" when (V) is Greater Than or Equal to Zero
Category #4 Bucket	69.9%	0	0	0	Compliant
Category #4, 3 Buckets	81.4%	0	0	0	Compliant
Category #4, 3, 2 Buckets	86.7%	0	0	0	Compliant
Category #4, 3, 2, 1 Buckets	100.0%	0	0	0	Compliant

II. Unit Contingent Resource from Outside the ISO Control Area

Subtotal

Worksheet III. RESOURCES

[illegible]

Worksheet IV. RESOURCES

Subtotal

V. Liquidated Damages Contracts that do not specify a Physical Source or a Tie Point for the Energy

[illegible]

DR-a_2hr-Plus. Dispatchable Demand Response Program Resources Available more than 2 hours per day

Tab: DR-a_2hr-Plus

DR-b_2hr-max. Dispatchable Demand Response Program Resources Available not more than 2 hours per day

Tab: DR-b_2hr-max

APPENDIX C

Resource Adequacy Liquidated Damages Contract Template and Instructions

Worksheet A. CERTIFICATION FORM

Name of Load Serving Entity (LSE):	
Energy Service Provider Registration Number (if applicable):	
Scheduling Coordinator:	
Month of Filing (June 2006, July 2006, August 2006, or September 2006)	

Certification of Information:

Consistent with Rules 1 and 2.4 of the CPUC's Rules of Practice and Procedure, this resource adequacy compliance filing has been verified by an officer of the corporation, who shall expressly certify, under penalty of perjury, the following:

1. I have responsibility for the activities reflected in this filing;
2. I have reviewed this compliance filing;
3. Based on my knowledge, this filing does not contain any untrue statement of
4. Based on my knowledge, this [filing] contains all of the information required to

Certified By Authorized LSE Representative (Name):	
Title:	
Date:	

Signature: (sign the hard copy of filing)

Contact Person for Questions about this Filing:

Name:	
Title:	
Email:	
Telephone:	
Address	
City:	
State:	
Zip	

Back-Up Contact Person for Questions about this Filing (Optional)

Name:	
Title:	
Email:	
Telephone:	

[illegible]

Worksheet C. Complete List of LD Contracts in effect October 27, 2005 with deliveries in 2007

[illegible]

[illegible]

[illegible]

[illegible]

Template Instructions

The Liquidated Damages Template creates a list of the Liquidated Damages (LD) contracts that qualify towards Resource Adequacy Capacity.

LD Contracts are defined as bilateral agreements that provide energy, capacity, or ancillary service products without reference to a specific unit or resource backing the obligation.

The template form requires the Load Serving Entity ("LSE") to identify all LD contracts that will supply capacity to meet its Resource Adequacy Requirement. The list of LD contracts contained in the completed template will be considered the universe of LD contracts that the LSE had in effect as of October 27, 2005 and are the only LD contracts that may be used to meet the LSE's Resource Adequacy Requirement.

There is a separate template for each year. Contracts in effect more than one year need to be entered in each year. An explanation of the fields to be completed follows:

LSE Contract ID - LSE's method of identifying a specific contract

PUC Contract ID - Unique identification code starting with LD, containing a three or four letter LSE identifier, followed by a number that uniquely identifies a contract (LD-SCE-001). LSE's can number the contracts by their own method, but must start at 1 and continue in whole numbers (1, 2, 3, 4...). The Energy Division suggests numbering chronologically based on date executed. The list of LSE letter codes is provided below.

Delivery Zone - The zone where the capacity will be delivered. This field can contain more than one zone, if necessary. If capacity can be delivered in all CAISO zones, use "CAISO Control Area" as the input.

Contract Original Execution Date - Date the original contract was executed.

Contract End Date as of 10/27/05 - The date the LD contract was to expire as of October 27, 2005.

Current Contract End Date - The date the LD contract is currently set to expire.

Committed Capacity - The quantity of MW of committed capacity that are available during the calendar month pursuant to the LD contract terms as of October 27, 2005. If the quantity of MW is amended subsequent to October 27, 2005, the revised quantity of MW should be provided. The quantity of MW can not be increased from the contract in effect on October 27, 2005.

Hours of Delivery - Identify the number of hours that the LD contract provides energy in the month.

Contract Scheduling Deadline - When specific units are identified for scheduling, for example day-ahead.

Contract Availability Limitations - If the contract committed capacity is available every day of the year, please enter "all". If not, please provide information on the contract limitations (e.g. 4x5, 5x8, 6x16, etc.).

List of LSE Identifier Codes

TPEC	3 Phases Electrical Consulting
AUN	American Utility Network
APS	APS Energy Services Company, Inc.
CPA	Calpine PowerAmerica-CA, L.L.C.
CCOR	City of Corona Department of Water and Power
COM	Commerce Energy, Inc
CNE	Constellation New Energy, Inc.
OPS	Occidental Power Services, Inc.
PGE	PG&E
PPG	Pilot Power Group, Inc.
PRAX	Praxair
SDGE	SDG&E

SES	Sempra Energy Solutions
STGP	Shell Trading Gas and Power Company (Coral)
SCE	SOUTHERN CALIFORNIA EDISON COMPANY
STE	Strategic Energy, L.L.C.

APPENDIX D

Resource Adequacy FAQ Sheet

January 31, 2006

All Load-Serving Entities (LSEs)

Re: Frequently Asked Questions concerning yearly Resource Adequacy (RA) and Liquidated Damages (LD) filings.

In response to LSE questions, the Energy Division of the CPUC is issuing this list of Frequently Asked Questions to clarify the RA process. If one party has a question there is the likelihood that others have the same question. Rather than make any changes to the template files, these FAQs clarify some of the instructions. Future versions of the template or RA Guide may be updated to reflect these FAQs.

In addition, the Executive Director granted a motion to extend the filing date for the Resource Adequacy and Liquidated Damages templates. The new date is 10 business days after the final intertie allocation is released. The final intertie allocation was released on February 1, 2006 so the new filing date is February 16, 2006.

February 17, 2006 RA Filing

File with the CPUC by Advice Letter:

1. Completed RA Reporting Workbook for June, July, August and September 2006;
2. Completed LD Contracts Workbook;

The filing must include hardcopies and a CD containing electronic filings of each workbook. Please submit files in word or excel format, not pdf. Each workbook must include a certification signed by an officer of the corporation.

Frequently asked questions and clarifications to the filing instructions:

1. Question: What if I have more than one contract with the same facility? Maybe there is a baseload contract with a generator for part of the capacity, but also another capacity contract for the rest? How should I file that in the RA template, should I include all that information in one line with one contract ID?

Answer: Please list each separate contract on separate lines, consecutively in the RA template. The CAISO unit ID (column C) will remain the same, but the RA Capacity contract number (column G) will be different. Please list all information for each contract because functionally they are different contracts.

2. Question: What if I have one contract with a facility, or LD contract, that includes different components, for example 100 MW 7x24, and 15 MW 7x16? How should I file

that in the RA template, should I include all that information in one line with one contract ID?

Answer: *If a single resource contract has separate components that qualify in different resource categories, the contract should be entered in the RA Template in multiple lines. Using the example, one line should be completed using the 100 MW 7x24 component and a separate line should be completed using the 15 MW 7x16 component. Each line should include all information.*

3. Question: What does it mean in the instructions for Column H in worksheets I through VI of the RA template titled **Minimum Hours in Month**, where the directions refer to “during peak load hours?”

“Minimum Hours in Month - *The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE’s RA obligation.*”

Answer: *The minimum hours in a month are the minimum hours that a resource is available. For example a 5x4 contract is available for 80 hours a month. To count, those hours must be peak hours. A 5x4 contract that is available between 2 and 6 am would not deliver RA benefits. Different programs have different definitions of peak hours, so for this template peak hours are counted in accordance with program rules. For example, solar and wind resources define peak as noon to 6pm per D 05-10-042.*

4. Question: How do I list my LD contracts in the LD template so that my listing reflects the phase out percentage for this year? Does the LD template automatically adjust my listing to reflect 75% of peak load?

Answer: *The template will not do any calculations for you. Please list all LD contracts that you wish to count for Resource Adequacy in the LD Template. The contracts listed in the LD Template will be the base for establishing what contracts may count for RA. In the RA Template list the contracts that you wish to count for a specific RA period. In the RA Template the MW in the LD contracts should not exceed the limits established in the RA Decision d.05-10-042 (75% for 2006, 50% for 2007, and 25% for 2008).*

5. Question: Do firm import LD contracts signed after 10-27-2005 still count towards RA requirements, or are they subject to the same sunset date and phase out percentages as in-area LD contracts are pursuant to page 54 of ALJ Wetzell’s draft decision in R.04-04-003?

Answer: *Firm import LD contracts do not fall under the sunset and phase out provisions because they do not present the same deliverability and reliability issues as in-area LD contracts. Thus Firm import LD contracts with specific intertie agreements do not fall under the same phase out schedule.*

6. Question: What is the difference between CAISO resource ID number in Column C and the Resource Capacity contract ID in column G in Worksheets I, II, and IV in the RA Template?

Resource ID in CAISO Master File – The CAISO-assigned Resource ID.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Answer: Column C, **Resource ID in CAISO Master File** is a standard ID name supplied for a particular unit from the CAISO Master File. Column G, **Resource Capacity Contract Number**, refers to the LSE's contract ID number. If there are two contracts with the same unit, then contract numbers (column G) would be different, but the CAISO Resource ID or CPUC LD contract number (Column C) would be the same. Please refer to Question 1 above.

7. Question: Why are the sheets for 2007 and 2008 so different from 2006 in the LD template?

Answer: The 2007 and 2008 sheets in the LD template contain errors. A revised LD Template is provided. The revised LD Template will still contain differences between 2006 and 2007/2008 to reflect the start of the program in June 2006. The specific change to the 2007/2008 sheets is the inclusion of a new column next to each monthly column titled **Minimum # of Hours** meant to capture the monthly contribution of each LD contract.

Please direct additional questions to either Robert Strauss (rls@cpuc.ca.gov) or Mike Jaske (mjaske@energy.state.ca.us).

APPENDIX E

Resource Adequacy Advice Letter Primer

Dear Load Serving Entity ("LSE"):

In response to questions from LSEs that lack experience with CPUC Advice Letters, the Energy Division has assembled a primer to explain the format and procedure for the Summer 2006 RA filings. The entire RA package is to be postmarked February 16th.

This primer includes a simplified version of the Advice Letter filing requirements that include material pertinent to the year-ahead RA filings. The RA filings are compliance filings, and as such are not subject to protest. We hope that you find this primer useful. These directions are excerpted from the appendix to D. 05-01-032. Please direct additional questions to either Robert Strauss (rls@cpuc.ca.gov) or Mike Jaske (mjaske@energy.state.ca.us).

Advice Letter Filing for RA Summer 2006 Compliance Filing

1. Applicability

D.05-10-042 ordered all LSEs to make the Summer 2006 RA filings by Advice Letter. The primary use of an Advice Letter is to transmit tariff sheet changes, but an Advice Letter may be used for other purposes.

1.1 Code of Ethics

Rule 1 ("Code of Ethics") of the Commission's Rules of Practice and Procedure (California Code of Regulations, Title 20, Division 1, Chapter 1) shall apply to all matters governed by these rules.

1.2 Computation of Time

As used in these rules, "day" means a calendar day, and "business day" means a calendar day except for Saturdays, Sundays, and weekdays when the Commission's offices are closed, due either to a State holiday or to an unscheduled closure (e.g., an emergency or natural disaster). The Commission's Internet site (www.cpuc.ca.gov, under "About CPUC") will maintain a list of State holidays for the current calendar year and a list for the following calendar year as soon as that list is available.

When these rules set a time limit for performance of an act, the time is computed by excluding the first day (i.e., the day of the act or event from which the designated time begins to run) and including the last day. If the last day does not fall on a business day, the time limit is extended to include the first business day thereafter.

2. Cover Sheet

The RA filings (Advice Letter, the RA Template, and the LD Template) shall include a cover sheet, which shall state the date when the LSE served the Advice Letter and filed it with the Energy Division. The cover letter shall summarize the contents of the Advice Letter, as follows:

- (1) Indicate requested effective date (in this case February 16, 2006);
- (2) Indicate service affected by the Advice Letter (in this case Retail Electric Service);
- (3) Cite Commission orders by decision or resolution number (in this case D.05-10-042) and Public Utilities Code or other statutory provisions (by section) related to the substance of the Advice Letter, and identify as compliance filing (where applicable);
- (4) Indicate whether the LSE believes disposition of the Advice Letter by Commission resolution is necessary or appropriate (RA compliance filings do not require a resolution);
- (5) Show contact person, telephone number, and e-mail address for additional information regarding the Advice Letter
- (6) Protest Period; state that RA compliance filing not subject to protest.

If an Advice Letter does not include a complete cover sheet, as described above, the Energy Division may reject the Advice Letter without prejudice or extend the protest period unless and until the LSE files the information that is missing or incomplete with the CPUC.

3. Form and Content

An LSE shall:

- (1) number the Advice Letter sequentially, beginning with No. 1 for the first Advice Letter filed by the LSE for each type of service rendered, followed by a letter designation for the type of service (in this case, E for electric service);
- (2) state whether any deviations would be created, service withdrawn from any present customer, or more or less restrictive conditions imposed;
- (3) state the notice requirements applicable to the Advice Letter, and describe how those requirements were satisfied.

4. Filing Advice Letters and Related Documents

The RA filing (Advice Letter, RA Template, LD Template) shall be submitted to the CPUC Energy Division, CEC, and CAISO at the addresses listed below. The LSE shall file three paper copies and one electronic copy (by CDROM in word and excel format) with the CPUC Energy Division. The CPUC will return one of the paper copies to the LSE stamped and dated as received. The LSE is also to submit one electronic copy (by CDROM in word and excel format) and one paper copy to the CEC and CAISO. The CEC and CAISO will not stamp and return copies. The Energy Division will report Advice Letters and related documents, and the date of their receipt, in the Daily Calendar.

CPUC Energy Division 505 Van Ness Avenue 4 th Floor San Francisco, CA 94102 Attn: Tariff Room (RAR Filing)	California Energy Commission 1516 Ninth Street Sacramento, CA 95814 Attn: Mike Jaske (RAR Filing)	CAISO 151 Blue Ravine Road Folsom, CA 95630 Attn: RAR Filing
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5. Confidentiality

Pursuant to the Revised Protective Order issued February 10th and D. 05-10-042, the entire RA filing (the cover letter, RA template, and LD template) is protected and confidential. **Each page of each document should be marked, "Protected Materials," "Protective Order," or "Section 583" and sequentially numbered (e.g. Bates stamped). For digital materials, each disk or other storage device should also be so marked.**

6. Service to Other Parties

The RA Summer 2006 filings are compliance filings, confidential, and not subject to protest. Therefore, service beyond the above filing requirements (CPUC, CEC, and CAISO) is not required.

APPENDIX F

Resource Adequacy Month-Ahead Filing Guide and Cover Letter

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 29, 2006

All Load Serving Entities (LSEs)

Re: Guidance to all Load-Serving Entities (LSEs) Regarding the Upcoming Monthly Resource Adequacy Requirement Compliance Filings, required by D.05-10-042 in R.04-04-003.

Energy Division, and CEC collaborative staff, in consultation with interested parties have assembled the following enclosed materials to assist LSE in making the required monthly Resource Adequacy filings:

- Monthly Resource Adequacy (RA) Guide (and this cover letter) in MS-Word # 228907;
- Monthly Reporting Template Spreadsheet and Instructions in MS-Excel #228908;

In addition, the Energy Division requests your attention to some common mistakes that appeared in the year-ahead filings.

- Failure to include the correct dates in the capacity start and end date. Specifically some LSE's reported an end date of the 30th in months with 31 days. Please be precise with dates, and ensure that they are correct for all contracts.
- Failure to accurately report the Resource ID so the reported resource did not match an ID in the CAISO Master File.
- Including extraneous material in the advice letter, such as a copy of the RA Guide.

For questions about the enclosed materials or about the upcoming May 1, 2006 June RAR compliance filing, please contact Robert Strauss at RLS@cpuc.ca.gov or (415) 703-5289, or Donald Brooks at dbr@cpuc.ca.gov or (415) 703-2626.

Sincerely,

Sean Gallagher, Director
CPUC Energy Division

Enclosures (2 electronic files including this cover letter)

cc: Commissioners

Steve Larson, CPUC Executive Director;

Grant Rosenblum, Phil Pettingill, Keith Johnson, CAISO;

Mike Jaske, Lynn Marshall, CEC;

Via email to the R.05-12-013 Service List;

Resource Adequacy (RA) Guide for Monthly Filings

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Appendix A – Primer for Filing an Advice Letter

Appendix B – Advice Letter Summary Form

Appendix C – Frequently Asked Questions

1. Load Forecast Adjustments

D.05-10-042 stated “[w]e require that month-ahead compliance filings include adjustments for positive and negative load growth due to migration. Apart from load changes due to load migration, load forecasts should not be updated from LSE’s year-ahead filing.”

On November 22, 2005, the CEC sent each LSE its monthly RA obligation for June-December 2006. Subsequent to that, some LSEs submitted updated forecasts with supporting information, which the CEC incorporated into a revised monthly forecast for use in the year-ahead filing. Because the year-ahead forecasts made assumptions about direct access load, the year-ahead forecasts need to be revised to account for actual direct access customer migration to date, and expected additional load migration prior to the obligation period. No other adjustments may be made to the load forecasts approved for the year-ahead filing.

Each LSE is responsible for adjusting its load forecast for migration of existing direct access load. An LSE with migrating direct access customers must adjust its monthly load forecast and monthly RA obligation and reflect those changes on the monthly RA Template. IOUs should adjust their forecast to account both for customers who are known to have returned to bundled service and for those that have notified the IOU that they intend to return to bundled service prior to the Filing Month. ESPs should account for contracted load and a reasonable expectation for the rate of contract renewals of non-firm load or load with expiring contracts.

To facilitate the forecast revision process and verify that migrating load is correctly accounted for, a separate template is provided. All LSEs, whether they are adjusting their forecast or not, are required to submit supporting data, including recent monthly peak loads and customer counts by class for recent months. LSEs which have gained or lost customers since their year-ahead forecast will enter the amount of monthly peak load associated with the change in customers, and the template will make the appropriate adjustments, including coincidence. All LSEs must submit this template 30 days prior to the Monthly Filing deadline. CEC staff will review the submitted forecasts and notify the LSE if the adjusted forecast is accepted or requires additional support within 10 business days. For example, all LSEs must file load forecasts templates for June 2006 by March 31, 2006 (the first business day 30 days before the May 1 compliance filing date), the CEC will notify LSEs by April 14, 2006. See the table below for the filing dates for 2006.

RA filing month (due date)	Date load forecasts due	Date of CEC response
June 2006 (5/1/06)	March 31, 2006	April 14, 2006
July 2006 (5/31/06)	May 1, 2006	May 15, 2006
August 2006 (6/30/06)	May 31, 2006	June 14, 2006
September 2006 (7/31/06)	June 30, 2006	July 15, 2006
October 2006 (8/31/06)	August 1, 2006	August 15, 2006
November 2006 (10/2/06)	September 1, 2006	September 18, 2006
December 2006 (10/31/06)	September 29, 2006	October 16, 2006

2. Resource Eligibility for One of Four Categories Or Buckets

The monthly RA compliance filing will use the eligibility criteria developed for the 2006 year-ahead filing and which was developed through the December 9, 2005 workshop.

Summary of Resource “Buckets”	
Category	Consensus Agreement
	Resources may be categorized into one of the four categories shown below, according to their planned availability as expressed in hours available to run or operate per month (hours/month):
1	<p>“Greater than or equal to” the ULR [Use Limited Resource] monthly hours as shown in the Phase 1 Workshop Report, Table “Number Hours ISO Load Greater than 90% of the Monthly Peak,” p.24-25, last line of table, titled “RA Obligation,” http://www.cpuc.ca.gov/word_pdf/REPORT/37456.pdf</p> <p>These ULR hours for May through September are, respectively: 30, 40, 40, 60, and 40, which total 210 hour and have been referred to as “the 210 hours.”</p>
2	“Greater than or equal to” 160 hours per month.
3	“Greater than or equal to” 384 hours per month.
4	All Hours (planned availability is unrestricted)

3. Demand Response (DR) Resources Shall Be ‘Taken Off The Top’

Dispatchable Demand Response (DR) resources shall be ‘taken off the top’ and assigned to a separate, un-numbered DR resource category or bucket that will not have a maximum cumulative contribution (MCC) percentage. The amount of capacity (MW) in the DR bucket will be credited toward an LSE’s RA obligation. For example, if LSE-ABC has a 1,000 MW RA obligation in June 2006, and LSE-ABC shows 100 MW of DR resources in the DR bucket, LSE-ABC’s remaining obligation is 900 MW, which must be met with an acceptable combination of Category 1, 2, 3, and 4 resources in compliance with MCC percentages.

CEC Allocations of DR resources should be recorded in the RA template on the DR-a_2hr-Plus sheet. LSEs should not record the individual DR program details from CEC allocated DR programs. Only the total summary information for the allocation is required. LSEs are required to provide all program details for DR programs operated by the LSE.

Non-dispatchable demand response resources are considered a reduction in demand and were included in the forecast load calculations distributed by the CEC. Therefore, they are not included in this showing other than through the calculation of the RA obligation.

4. Outages

Scheduled Outages:

For resource adequacy (RA) counting purposes, LSEs should use the scheduled outage criteria in the table below. The CAISO must approve all outage schedules for a RA resource. Any change to the RA resource's outage schedule must be approved by the CAISO. If the CAISO approves a change to the outage schedule, the outage schedule change will not change the RA counting of the resource. If the CAISO denies an outage request, the RA resource is expected to remain available.

Counting Resources with Scheduled Outages	
Time Period	Description of How Resource Would Count At Time of Showing
Summer May through September	Any month where days of scheduled outages exceed 25% of days in the month, the resource does not count for RA. If scheduled outages are less than or equal to 25% the resource does count for RA.
Non-Summer Months October through April	For scheduled outages less than 1 week, the resource counts for RA. For scheduled outages 1 week to 2 weeks, the amount counted for RA is prorated using the formula: $[1 - (\text{days of scheduled outage} / \text{days in month}) - 0.25] * \text{MW} = \text{RA}$ The formula will allow resources to count between 50% and 25%. For scheduled outages over 2 weeks, the resource does not count for RA.

Forced and Maintenance Outages:

A forced or maintenance outage of a RA resource occurring during an operational month does not change the RA compliance established for that LSE for that month. If the forced or maintenance outage continues into a succeeding month, or months, the resource may still be counted towards the LSE's RA compliance.

5. Allocation of Reliability Must Run (RMR) Units

Allocation of RMR Condition 1 Units. RMR Condition 1 units are not to be allocated for RA purposes. If an LSE enters into a separate RA contract with an RMR condition 1 unit, it is counted as any other physical resource.

Allocation of RMR Condition 2 Units. RMR Condition 2 units should be allocated as follows:

For each LSE, the CEC/PUC calculated the LSE share of each IOU transmission service area annual peak (based on the CEC's forecasts). These share percentages totaled 100% in each IOU service area after some adjustments to account for issues such as coincidence. The CEC/PUC applied the annual share percentages in each IOU transmission service area against total RMR

Condition 2 MWs in that respective IOU transmission service area to allocate RMR Condition 2 MWs.

On December 28, 2005, the PUC distributed to each LSE the total of its RMR Condition 2 allocation for use in the 2006 demonstrations. All information in this process will remain confidential because the underlying RMR capacity contracts are confidential.

RMR Condition 2 capacity allocated to LSEs must be adjusted to reflect conversion to RMR Condition 1 status. Any reductions in RMR Condition 2 available resources that occur 80 days or more before an affected month shall cause a recalculation of the LSE's RMR Condition 2 allocation. LSEs shall be informed 75 days before the affected month. LSEs must adjust their RA resources to ensure their monthly showing meets the 100% RA obligation using the revised RMR Condition 2 allocation. Changes that occur less than 80 days before the affected month will not cause a change in RMR Condition 2 counting for RA.

6. Intertie Capacity Allocation Process

On February 1, 2006, the CAISO distributed to all LSEs their 2006 Intertie Allocations. On February 16th, 2006 the Commission issued D. 06-02-007 to revise D.05-10-042, and allow for the re-trading or reselling of Intertie Allocations. If an LSE trades or sells Intertie Allocations after the year-ahead filing, the transaction must be reported to the CPUC and ISO providing details of the LSE decreasing its Intertie Allocation, the LSE increasing its allocation, the amount of the original allocations of all involved LSEs (by path), and the changes to the allocations.

7. Resource Adequacy (RA) Portfolio Resources

The Monthly RA compliance filings do not allow the use of portfolio resources¹. If an LSE used portfolio resources in its year-ahead RA compliance filing it must convert the portfolio resources to specific units for the Monthly RA compliance filing.

8. Liquidated Damages (LD) Contracts

In order to be counted for the RA Monthly Filing, liquidated damage (LD) contracts must comply with the following rules:

1. No LD contract entered into after 10/27/05 can be used for RA purposes.
2. LD contracts entered into on or before 10/27/05 can not be modified to increase the number of MW or the duration of the contract for RA purposes.

For all monthly filings in calendar year 2006, LD contracts cannot count for more than 75% of the LSE's RAR portfolio. LD contract MW in excess of 75% of an LSE's RAR portfolio do not count for RA compliance. For example, if LSE-1's total RAR is 1,000 MW, then LSE-1 cannot count more than 750 MW of LD contracts towards its RA filing requirement. The LSE must

¹ Portfolios are plant-specific RA contracts, not unit-specific RA contracts. For example, in a year-ahead compliance filing, LSE-ABC may want to enter into an RA contract with a generator for 200 MW to be provided by any one of three units at the Acme Power Plant, as opposed to a specific unit.

show that at least 25% of their RAR is met through non-LD contract resources. Firm import LD contracts with specific Intertie Points and Intertie Allocations are not subject to these phase-out provisions.

9. DWR Contracts

All DWR CERS contracts shall be entered on a separate worksheet page in the RA Monthly Filing Template. This page allows the LSE to enter DWR contracts that may or may not fit in the other pages of the template.

10. Certification of LSE Resource Adequacy Compliance Filing

All LSE Resource Adequacy (RA) compliance showings shall be filed under the following certification.

Consistent with Rules 1 and 2.4 of the CPUC's Rules of Practice and Procedure, this Resource Adequacy compliance filing has been verified by an officer of the corporation who shall expressly certify, under penalty of perjury, the following:

1. I have responsibility for the activities reflected in this filing;
2. I have reviewed this compliance filing;
3. Based on my knowledge, this filing does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made;
4. Based on my knowledge, this [filing] contains all of the information required to be provided by CPUC orders, rules, and regulations.

The actual certification page that must be completed and signed is included as a separate tab in each of the template workbooks.

11. RA Filings Instructions

The Monthly RA Filings cover the entire Filing Month, and are due at the Commission's Office in San Francisco, and at the CEC and ISO offices, on the last day of the month two months before the Filing Month. If that day is not a business day, the filing is due on the next business day. For example, the first monthly filing to cover the month of June is due on April 30th, but April 30th is a Sunday; in this case the filing is due May 1. The chart below lists the due dates for the first seven Month-Ahead Filings and the due date for the next Year-Ahead Filing. Pursuant to D. 05-10-042, filings are to be made via Advice Letter. Instructions for filing Advice Letters for RA compliance follow in Appendix A, and an Advice Letter Summary Sheet to be included in the RA Filing follows in Appendix B

Type of Filing	Due Date
June Month-Ahead	May 1
July Month Ahead	May 31
August Month-Ahead	June 30
September Month-Ahead	July 31
October Month-Ahead	August 31
November Month-Ahead	October 2
December Month-Ahead	October 31
2007 Year-Ahead	October 2

File with the agencies at the addresses below:

1. An Advice Letter that complies with the rules in Appendix A and includes a cover sheet;
2. A completed RA Reporting Monthly Template.

CPUC Energy Division 505 Van Ness Avenue 4 th Floor San Francisco, CA 94102	California Energy Commission 1516 Ninth Street Sacramento, CA 95814	CAISO 151 Blue Ravine Road Folsom, CA 95630
Attn: Tariff Room (RAR Filing) Please include 3 paper and 1 electronic copy	Attn: Mike Jaske (RAR Filing) Please include 1 paper and 1 electronic copy	Attn: RAR Filing Please include 2 paper and 2 electronic copies

The filing must include hardcopies and a CD containing electronic filings of each template workbook. Each template workbook must include a certification signed by an officer of the corporation. Filings must be received on the due date; postmarks are not acceptable for monthly filings. The RA filing (Advice Letter with Summary Sheet and RA Monthly Template) shall be submitted to the CPUC Energy Division, CEC, and CAISO at the addresses listed above. The LSE shall file three paper copies and one electronic copy (by CDROM in word and excel format) with the CPUC Energy Division. The CPUC will return one of the paper copies to the LSE stamped and dated as received. The LSE is also to submit one electronic copy and one paper copy to the CEC, and two paper and two electronic copies to the CAISO. The CEC and CAISO will not stamp and return copies. The Energy Division will report Advice Letters and related documents and the date of their receipt, in the Daily Calendar.

We have included one page for each worksheet. If more are needed, add rows into the Excel spreadsheet and enter your additional contracts. It is the responsibility of the LSE to ensure that all formulas used in the spreadsheet are not changed, and that all information is integrated into the formulas correctly. Please do not print out and mail this RA Guide or the Template Instructions. You can remove these from your filing, as they are unneeded for compliance review.

12. Correction of Errors in the Filings - Either Minor or Substantial

There are specific Advice Letter rules and procedures LSEs must follow when making corrections or addition to their RA filings. These are detailed in Appendix A, Primer for the Filing of Advice Letters. There are three classes of corrections: those that require replacement sheets to correct typos and numerical errors, minor errors that require Supplemental Advice Letter filings which clearly explain the corrections, and more substantial errors which require the filing of an entirely new Advice Letter. The PUC has discretion over classifying errors, and ordering corrections.

APPENDIX A

Advice Letter Rules for Resource Adequacy Compliance Filings

1. Applicability

D.05-10-042 ordered all LSEs to make the year-ahead RA compliance filings and the monthly RA compliance filings by Advice Letter. The primary use of an Advice Letter is to transmit tariff sheet changes, but an Advice Letter may be used for other purposes.

1.1 Code of Ethics

Rule 1 ("Code of Ethics") of the Commission's Rules of Practice and Procedure (California Code of Regulations, Title 20, Division 1, Chapter 1) shall apply to all matters governed by these rules.

1.2 Computation of Time

As used in these rules, "day" means a calendar day, and "business day" means a calendar day except for Saturdays, Sundays, and weekdays when the Commission's offices are closed, due either to a State holiday or to an unscheduled closure (e.g., an emergency or natural disaster). The Commission's Internet site (www.cpuc.ca.gov, under "About CPUC") will maintain a list of State holidays for the current calendar year and a list for the following calendar year as soon as that list is available.

When these rules set a time limit for performance of an act, the time is computed by excluding the first day (i.e., the day of the act or event from which the designated time begins to run) and including the last day. If the last day does not fall on a business day, the time limit is extended to include the first business day thereafter.

2. Cover Sheet

The RA Filings (Advice Letter with Summary Sheet and Monthly RA Template) shall include a cover sheet, which shall state the date when the LSE served the Advice Letter and filed it with the Energy Division. The cover letter shall summarize the contents of the Advice Letter, as follows:

- (1) Indicate requested effective date;
- (2) Indicate service affected by the Advice Letter (in this case Retail Electric Service);
- (3) Cite Commission orders by decision or resolution number (in this case D.05-10-042) and Public Utilities Code or other statutory provisions (by section) related to the substance of the Advice Letter, and identify as compliance filing (where applicable);
- (4) Indicate whether the LSE believes disposition of the Advice Letter by Commission resolution is necessary or appropriate (RA compliance filings do not require a resolution);
- (5) Show contact person, telephone number, and e-mail address for additional information regarding the Advice Letter
- (6) Protest Period; state that RA compliance filing not subject to protest.

A sample cover sheet is attached as Appendix B. If an Advice Letter does not include a complete cover sheet, as described above, the Energy Division may reject the Advice Letter without prejudice or extend the protest period unless and until the LSE files the information that is missing or incomplete with the CPUC.

3. Form and Content

An LSE shall:

- (1) number the Advice Letter sequentially, beginning with No. 1 for the first Advice Letter filed by the LSE, followed by the letters ESP if the LSE is an ESP or E if the LSE is an IOU.
- (2) state whether any deviations would be created, service withdrawn from any present customer, or more or less restrictive conditions imposed;
- (3) state the notice requirements applicable to the Advice Letter, and describe how those requirements were satisfied.

4. Filing Advice Letters and Related Documents

The RA filing (Advice Letter with cover sheet, RA Template, and LD Template) shall be submitted to the CPUC Energy Division, CEC, and CAISO at the addresses listed above. The LSE shall file three paper copies and one electronic copy (by CDROM in word and excel format) with the CPUC Energy Division. The CPUC will return one of the paper copies to the LSE stamped and dated as received. The LSE is also to submit one electronic copy and one paper copy to the CEC, and a set of two paper and two electronic copies to the CAISO. The CEC and CAISO will not stamp and return copies. The Energy Division will report Advice Letters and related documents, and the date of their receipt, in the Daily Calendar.

5. Confidentiality

Pursuant to the Revised Protective Order issued February 10th and D. 05-10-042, the entire RA filing (the cover letter, RA template, and LD template) is protected and confidential. **Each page of each document should be marked, "Protected Materials," "Protective Order," or "Section 583" and sequentially numbered (e.g. Bates stamped). For digital materials, each disk or other storage device should also be so marked.**

6. Service to Other Parties

The RA Monthly 2006 filings are compliance filings, confidential, and not subject to protest. Therefore, service beyond the above filing requirements (CPUC, CEC, and CAISO) is not required.

7. Correction of Errors made in RA Filings

Corrections to the RA Filing are to be made according to the rules for correcting errors in Advice Letters as established in GO 96-A. Minor typographical or numerical inaccuracies can be made by submitting new pages for old incorrect pages. Other minor errors can be corrected by submitting a Supplemental Advice Letter that details minor changes. Major errors may require the filing of an entire replacement letter. The PUC Staff reserves the discretion to classify errors as one of the three classes, and to order corrections. Directions for all three cases follow.

- **Typographical and Numerical Errors:**

Simple typographical or numerical errors can be corrected by the LSE or upon request by the PUC by submitting revised pages to replace the pages with the errors. Service of revised pages must be made on paper, with the intention and ability to easily swap the new pages into place without inconsistencies. Service of revisions electronically must include the entire file with the corrections integrated. Corrections of this type do not require an Advice Letter Cover Sheet or Summary Page. Examples of typographical or numerical errors include typing one digit incorrectly in a contract ID, filing a number 1243 for 1234, etc.

Correction and submittal of corrected pages must be completed within five business days after notification by telephone or email.

- **Other Minor Errors**

Other minor errors must be corrected via the filing of a Supplemental Advice Letter, with the corrections clearly explained in the Advice Letter Cover Sheet and noted on the Summary Sheet in front. The numbering of the Advice Letter is to be the same as the original Filing, with the addition of the letter 'A' to the end of the number (e.g. ELC0001-1ESP-A). Subsequent corrections to the same original Advice Letter should use subsequent letters. For example, the second correction of the original letter detailed above would hold the number ELC0001-1ESP-B. Supplemental Advice Letters are evaluated similarly to regular Advice Letters, and are subject to the same filing provisions. Examples of minor errors include omitting a resources availability, filing a resource under an incorrect tab (recording an LD contract as an import), and any typographical or numerical error that would change an LSE's compliance status.

Correction and submittal of corrected pages must be completed within five business days after notification by telephone or email.

- **Substantial Revisions – Entirely New Advice Letter**

For more substantial errors, the LSE may be asked to refile a second complete RA Filing Package and advice letter. The numbering of the Advice Letter will use the next available number, and list the original Advice Letter that is being replaced on the appropriate spaces on the Summary Sheet. The Advice Letter Cover Sheet should also clearly explain the reasons behind the second filing of the entire RA Filing.

APPENDIX B

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.

Utility type:

☐ ELC

☐ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: _____

Phone #:

E-mail:

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #:

Subject of AL: _

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? ☐ Yes ☐ No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect: (%)

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed²:

Pending advice letters that revise the same tariff sheets:

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Utility Info (including e-mail)

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

² Discuss in AL if more space is needed.

Frequently asked questions and clarifications to the filing instructions:

1. Question: What if I have more than one contract with the same facility? Maybe there is a baseload contract with a generator for part of the capacity, but also peak capacity contract for the rest? How should I file that in the RA template; should I include all that information in one line with one contract ID?

Answer: Please list each separate contract on separate lines, consecutively in the RA template. The CAISO unit ID (column C) will remain the same, but the RA Capacity contract number (column G) will be different. Please list all information for each contract because functionally they are different contracts.

2. Question: What if I have one contract for peak capacity for say 15 MW and a second contract for off-peak capacity for 5 MW? How should I file that in the RA template; should I include all that information in one line with one contract ID?

Answer: If the peak and off peak contracts combine to cover a 24 x 7 period, split the peak contract into two components 5 MW to match with the off-peak contract and 10 MW that remain peak. Then, on one line report the 5 MW peak and 5 MW off peak contracts as a single resource in category 4 (all hours). On a second line report a 10 MW peak contract. On the line with 2 contracts, both contract numbers should appear in the contract ID cells.

3. Question: What if I have one contract with a facility, or LD contract, that includes different components, for example 100 MW 7x24, and 15 MW 7x16? How should I file that in the RA template; should I include all that information in one line with one contract ID?

Answer: If a single resource contract has separate components that qualify in different resource categories, the contract should be entered in the RA Template in multiple lines. Using the example, one line should be completed using the 100 MW 7x24 component and a separate line should be completed using the 15 MW 7x16 component. Each line should include all information.

4. Question: What does it mean in the instructions for Column H in worksheets I through VI of the RA template titled **Minimum Hours in Month**, where the directions refer to “during peak load hours?”

“Minimum Hours in Month - The minimum number of hours in the RA month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE’s RA obligation.”

Answer: The minimum hours in a month are the minimum hours that a resource is available. For example a 5x4 contract is available for 80 hours a month. To count, those hours must be peak hours. A 5x4 contract that is available between 2 and 6 am would not deliver RA benefits. Different programs have different definitions of peak hours, so for this template peak hours are counted in accordance with program rules. For example, solar and wind resources define peak as noon to 6pm per D 05-10-042.

5. Question: Do firm import LD contracts signed after 10-27-2005 still count towards RA requirements, or are they subject to the same sunset date and phase out percentages as in-area LD contracts are pursuant to page 65 of ALJ Wetzell's D. 05-10-042?

Answer: Firm import LD contracts do not fall under the sunset and phase out provisions because they do not present the same deliverability and reliability issues as in-area LD contracts. Thus Firm import LD contracts with specific intertie agreements do not fall under the same phase out schedule.

6. Question: What is the difference between CAISO resource ID number in Column C and the Resource Capacity contract ID in column G in Worksheets I, II, and IV in the RA Template?

Resource ID in CAISO Master File – The CAISO-assigned Resource ID.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Answer: Column C, Resource ID in CAISO Master File is a standard ID name supplied for a particular unit from the CAISO Master File. Column G, Resource Capacity Contract Number, refers to the LSE's contract ID number. If there are two contracts with the same unit, then contract numbers (column G) would be different, but the CAISO Resource ID or CPUC LD contract number (Column C) would be the same. Please refer to Question 1 above.

7. Question: The RA guide tells an LSE to input into the DR worksheets those programs that are over 2 hrs per day and those that are under 2 hrs per day, in separate worksheets. The guide also says that the numbers are to be found in the letter from the CEC regarding allocations for DR programs. This letter does not make clear which programs are under 2 hrs a day and which are over 2 hrs a day, the letter only gives capacity. Where do I put these numbers?

Answer: All the programs listed in the CEC letter are for over 2 hrs a day; that was how the CEC analyzed it. Put all programs listed on the CEC letter for over 2 hrs a day.

8. Question: What is the desired level of accuracy for numbers, 1 MW, 0.5 MW, 0.1 MW? Do I round numbers off to the nearest 1MW, 0.5MW or 0.1 MW?

Answer: Round off to nearest 0.1 MW like the load forecasts and RMR allocations do. Do not round any more than that. Precision is important, particularly for smaller LSEs

9. Question: If I have no LD contracts, do I need to file the LD worksheet in the RA Template?

Answer: No. Just state it in the Advice Letter that the LD worksheet is unneeded. In fact, any part that does not apply to you can be left out, with statement in the Advice Letter what is missing and why. Please also limit submissions of blank pages. Just use the sheets that you need.

APPENDIX G

Resource Adequacy Month-Ahead Filing Template and Instructions

Worksheet A. CERTIFICATION FORM

Name of Load Serving Entity (LSE):
Energy Service Provider Registration Number (if applicable):
Scheduling Coordinator:
Month of Filing (June 2006, July 2006, August 2006, or September 2006):

Certification of Information:

Consistent with Rules 1 and 2.4 of the CPUC's Rules of Practice and Procedure, this resource adequacy compliance filing has been verified by an officer of the corporation, who shall expressly certify, under penalty of perjury, the following:

1. I have responsibility for the activities reflected in this filing;
2. I have reviewed this compliance filing;
3. Based on my knowledge, this filing does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made;
4. Based on my knowledge, this [filing] contains all of the information required to be provided by CPUC orders, rules, and regulations.

Certified By Authorized LSE Representative (Name):
Title:
Date:

Signature (sign the hard copy of filing):

Contact Person for Questions about this Filing:

Name:
Title:
Email:
Telephone:
Address:
Address 2:
City:
State:
Zip:

Back-Up Contact Person for Questions about this Filing (Optional):

Name:
Title:
Email:
Telephone:

29-Mar-06

Instructions for RA Reporting Template

These instructions for the RA Reporting Template spreadsheet consist of the following:

- A. Overview**
- B. Instructions for the Certification Sheet**
- C. Summary Tab**
- D. Instructions for the Resource Reporting Worksheets**
- E. Worksheets on Dispatchable Demand Response Program Resources**

A. Overview

The Resource Adequacy Template was created to assure that each Load Serving Entity ("LSE") owns or contracts for sufficient capacity to meet its Resource Adequacy Requirement (RAR). Previous editions of this workbook dealt primarily with the Year-Ahead filing. This workbook represents the Month-Ahead filing template.

The Summary Tab of the RA template workbook is now almost entirely automated, requiring the LSE to only fill out (1) the Month of Filing in Cell E8, and (2) the "Peak Demand [Coincident Peak Hour Demand Forecast provided by CEC] (MW)" in Cell E9. Once the LSE has input its resource information into the supporting spreadsheet tabs, the Summary Tab will automatically evaluate an LSE's compliance.

For the purposes of this worksheet, figures are to be inputted to the one-hundredth level of precision. Please enter all figures to two decimal places.

The template workbook requires each LSE to identify the specific resources that will supply capacity to meet its own RAR. For compliance purposes, an LSE may count capacity toward its RAR obligation in each of the four resource categories or buckets up to the "Maximum Cumulative Countable Capacity Levels" shown in Summary Table 3, Column J.

Each LSE must file one RA template workbook each month. The Monthly workbook must be received the last day of the month; postmarks are **not** acceptable. If the last day of the month is not a business day, the filing is due the next business day. For example, since the first filing deadline falls on April 30th, and since April 30th is a Sunday, the next business day (i.e. May 1st) becomes the filing deadline. Subsequent monthly filings occur each month thereafter. The first Monthly Workbook is due the first business day after April 30th (i.e. May 1). Subsequent monthly filings occur each month thereafter, for the rest of the year through December.

B. Instructions for the Certification Sheet

The Certification Sheet is to be completed and signed by an appropriate officer of the company.

Name of LSE – The legal name of the Load Serving Entity.

ESP Registration Number -- If the LSE is a registered ESP, provide the registration number.

CAISO Scheduling Coordinator – The CAISO Scheduling Coordinator that submits schedules for the load for the Load Serving Entity. The Scheduling Coordinator must submit a separate report to the CAISO for each LSE it represents.

Completed By – The name of the person responsible for the accuracy and completeness of the form.

Title – The title of the person responsible for the accuracy and completeness of the form.

Date – The date the form is completed.

Contact Information -- Provide this information to facilitate review of the filing.

C. Summary Tab

The Summary Tab of the RA workbook tabulates data from the supporting resource worksheets, and consists of the five Summary Tables described below. As noted above, the Summary Tab is almost entirely automated, only requiring the LSE to fill in the following three pieces of data in the Summary Tab, which are highlighted in light blue:

1. The “Month of Filing” in Cell E8 in Summary Table 1;
2. The “Peak Demand [Coincident Peak Hour Demand Forecast provided by CEC] (MW)” in Cell E9 in Summary Table 1; Please enter here the latest Load Forecast mailed out by the CEC. This takes into account and Monthly Load Forecast Adjustments reported in the template and approved by the CEC pursuant to the Forecast Adjustment process. Please use the latest information provided to you in the CEC Monthly Load Forecast distributed prior to the Filing Month.
3. RMR Condition 2 Allocation in Cell B24 in Summary Table 2; enter in Column B the MW amount from the December 28, 2005 CPUC mailing. This allocation is not revised monthly.

Summary Table 1, LSE Obligations

As noted above, the LSE needs to input data to Cells E8 and E9 in Summary Table 1. This table starts with the LSE obligation in MW provided by the CEC; grosses it up by 15%; subtracts out dispatchable demand response programs; and calculates 115% Monthly RA Requirement. The demand response line items are pulled from the following tabs in the workbook:

Resource Types
Demand Response available more than 2 hours per day [115% of Spreadsheet Tab DR-a] (MW) Worksheet Tab Name = DR-a_2hr-Plus
Demand Response available no more than 2 hours per day [115% of Spreadsheet Tab DR-b] (MW)

Worksheet Tab Name = DR-b_2hr-max

Summary Table 2, Total Claimed Resource Adequacy Capacity by Type of Capacity (MW)

Table 2 summarizes the LSE's capacity showing by resource type (rows) and by bucket type (columns), that the LSE would like to count toward its Monthly RAR goal. The LSE must manually input its "RMR Condition 2 Allocation" into Cell B24 in Summary Table 2.

The RA template workbook contains the following resource worksheets, which are respectively subtotaled at the top of each sheet then tabulated in Summary Table 2:

Resource Types
I. Physical Resources in ISO Control Area Worksheet Tab Name = I_Phys_Res
II. Unit Contingent Resources from Outside the ISO Control Area Worksheet Tab Name = II_Unit_Import
III. Non-Unit Contingent Resources from Outside the ISO Control Area Worksheet Tab Name = III_NonUnit_Import
IV. Liquidated Damages Contracts that do not specify a Physical Source or Tie Point for the Energy Worksheet Tab Name = IV_LD_Contracts.
V. DWR Contracts that are not unit specific Worksheet Tab Name = V_DWR_Contracts

Summary Table 3, Maximum Compliance Showing Cumulative Load in Each Bucket (MW)

Table 3 shows the Maximum Cumulative Contribution (MCC) figures that were issued as errata by the Energy Division on 12/29/2005. This table automatically calculates LSE-specific MW values that correspond to the MCC percentages; and automatically calculates how much capacity will count based on the data provided in the supporting spreadsheet tabs relative to the 115% RA target.

Summary Table 4, Resource Category by Bucket (MW)

Table 4 assembles an LSE's "Claimed Capacity" (from Table 2), and "Countable Capacity" (from Table 3) by individual bucket. Table 4 is a necessary intermediate step that breaks down this data into individual buckets, which are then reassembled in the opposite order in Table 5.

Summary Table 5, Minimum Required Compliance Showing by Category (MW)

amount of cumulative capacity the LSE must have in Bucket 4; Buckets 4 & 3; Buckets 4 & 3 & 2; and Buckets 4 & 3 & 2 & 1. This is the point of compliance for the LSEs. Each LSE has to show up with AT LEAST a specific amount of capacity in each of these minimum buckets. Table 5 automatically shows the LSE's short/long position in the minimum buckets, and automatically displays whether the LSE is "Compliant" or "Non-Compliant" at each level.

As a new feature, this box now also computes the LSE's compliance with the LD Phase Out percentages. The final row computes the amount of non-LD resource available to fulfill the RAR. Compliance is shown when the LSE has demonstrated at least 25% of their RAR met through non-LD resources. In future years, this requirement will raise to 50%, 75%, and finally 100% in 2009. This is the reverse of how the LD Phase out percentages are normally stated; this was done to remain consistent with the wording and formulas in the rest of the Summary Table.

D. Instructions for the Resource Reporting Worksheets

Do not enter data into the gray shaded areas, since the sheet automatically sums each particular resource category and transfers the information to this Summary worksheet. If it is necessary to include more rows of data in any one worksheet, then make sure the spreadsheet properly creates the subtotal and that it transfers to the Summary Table 2.

General Instructions for Columns that Appear in Multiple Worksheets:

Contract Identifier - The name by which the relevant contract is commonly referred and/or internal reference number, e.g. "Mirant I" or "Williams D" or "Sunrise". In some cases, a single contract identifier covers multiple units (i.e. there may be multiple rows with the same contract identifier)

Resource ID in CAISO Master File - The CAISO-assigned Resource ID.

RAR Capacity Effective Start Date - The first date during the RAR filing month when the specified Resource Adequacy Capacity becomes available to the LSE

RAR Capacity Effective End Date - The last date during the RAR month when the specified Resource Adequacy Capacity is available to the LSE

Minimum Hours in Month - The minimum number of hours in the RA filing month that the RA resource is contractually or physically available and capable of operating at its Qualifying Capacity during peak load hours to meet the LSE's RAR obligation.

Resource Category - The categorization of RA Resources based on physical or contractual operating limitations. The four Resource Categories for the 2006 Year-Ahead Report are:

Resource Buckets: Minimum Monthly Hours of Operation Qualifying for that Bucket	
Category #1 Bucket: Greater than or equal to the ULR monthly hours. These are for June through September, respectively: 40, 40, 60, and 40.	
Category #2 Bucket: 160 hours	
Category #3 Bucket: 384 hours	
Category #4 Bucket: Unrestricted	

Worksheet I. Physical Resources in ISO Control Area

For directions to columns not listed here, please consult the General Instructions above.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward RAR for the Filing Month. Note: the quantity of Resource Adequacy Capacity cannot exceed the Qualified Capacity for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Worksheet II. Unit Contingent Resources from Outside the ISO Control Area

For directions to columns not listed here, please consult the General Instructions above.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward RAR for the Filing Month. Note: the quantity of Resource Adequacy Capacity cannot exceed the Qualified Capacity for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify Branch Group – The name of the Branch Group that CAISO import capability has been allocated for purposes of RA to the LSE.

Allocation of RA Import Branch Group (MW) – The quantity of total qualified capacity available to the specific LSE at the specific Branch Group, as defined by the CAISO for the purposes of RAR.

Worksheet III. Non-Unit Contingent Resources from Outside the ISO Control Area

For directions to columns not listed here, please consult the General Instructions above.

Branch Group – The name of the Branch Group that CAISO import capability has been allocated for purposes of RA to the LSE.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward RAR for the Filing Month. Note: the quantity of Resource Adequacy Capacity cannot exceed the Qualified Capacity for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification.

Allocation of RA Import Branch Group (MW) – The quantity of total qualified capacity available to the specific LSE at the specific Branch Group, as defined by the CAISO for the purposes of RAR.

Worksheet IV. Liquidated Damages Contracts that do not specify a Physical Source for the Energy and do not specify a Tie Point

For directions to columns not listed here, please consult the General Instructions above.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward RAR for the Filing Month. Note: the quantity of Resource Adequacy Capacity cannot exceed the Qualified Capacity for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification. Use the following convention for reporting LD contracts -- LD-LSE initials-001, then LD-LSE acronym-002, etc. For example, LD-SCE-001 is the first LD contract for Southern California Edison.

CAISO Congestion Zone – The congestion zone where the capacity will be delivered. This field can contain more than one congestion zone if necessary. If capacity can be delivered in all CAISO congestion zones, enter "CAISO Control Area".

Worksheet V. DWR Contracts

For directions to columns not listed here, please consult the General Instructions above.

Resource Adequacy Capacity (MW) – This quantity is calculated automatically from the four Resource Category columns to the right, and represents the quantity of capacity that the LSE has under contract and that will be counted toward RAR for the Filing Month. Note: the quantity of Resource Adequacy Capacity cannot exceed the Qualified Capacity for the resource. Also note that any changes to Resource Adequacy Capacity during the RAR month must be identified in a separate line entry.

Resource Capacity Contract Number – LSE specified number that identifies the relevant contract(s). This information will be used to identify supporting documentation during compliance verification. Use the following convention for reporting LD contracts -- LD-LSE initials-001, then LD-LSE acronym-002, etc. For example, LD-SCE-001 is the first LD contract for Southern California Edison.

CAISO Congestion Zone or Branch Group – The congestion zone or Branch Group where the capacity will be delivered. This field can contain more than one congestion zone if necessary. If capacity can be delivered in all CAISO congestion zones, use "CAISO Control Area" as the input.

Allocation of RA Import Branch Group if DWR Import (MW) – If the resource is an import resource, enter here the resource's allocation in MW over the Branch Group specified in Column H CAISO Control Zone or Branch Group

E. Worksheets on Dispatchable Demand Response Program Resources

Worksheet DR-a RESOURCES

DR-a 2hr-Plus. Dispatchable Demand Response Program Resources Available more than 2 hours per day

For directions to columns not listed here, please consult the General Instructions above.

Program Name – The name of the program. For those programs not unique to an LSE, use the name for the capacity reported by the CEC Staff.

Resource Adequacy Capacity (MW) – The quantity of capacity of the program. If the program is not unique to the LSE, enter CEC DR Allocation.

Program Operator – The entity that will physically dispatch the program.

Program Capacity (MW) – The total program capacity as reported by the CEC staff.

Authorized Operation Start Date – Identify the date within a calendar year that the program is allowed to commence operations.

Authorized Operation End Date – Identify the date within a calendar year that the program is obligated to shut down for the year.
Total Authorized Hours of Operation- Report the program's monthly authorized hours of operation.

Worksheet DR-b. RESOURCES

DR-b 2hr-max. Dispatchable Demand Response Program Resources Available not more than 2 hours per day

For directions to columns not listed here, please consult the General Instructions above.

Program Name - The name of the program.

Resource Adequacy Capacity (MW) – The program's quantity of capacity.

Program Operator – The entity that will physically dispatch the program.

Program Capacity (MW) – The total program capacity as reported by the CEC staff.

Authorized Operation Start Date – Identify the date within a calendar year that the program is allowed to commence operations.

Authorized Operation End Date – Identify the date within a calendar year that the program is obligated to shut down for the year.

Total Authorized Hours of Operation- Report the program's monthly authorized hours of operation.

Cell Label below -- do not delete:

MW

Worksheet B. SUMMARY**Notes:**

All values on this Summary Tab will calculate automatically from other parts of workbook, except cells in light blue highlight in E8, E9, and B25. Cells in light blue on the Summary Tab must be entered by each LSE.

Double-Click on Yellow-Highlighted Cells below to go to Each Supporting Worksheet Tab. In order to use this "Double-Click" feature, you must unselect the 'Edit Directly In Cell' feature in MS-Excel. To do this, on the MENU BAR above, select TOOLS then the EDIT tab and make sure there is NO checkmark in the 'Edit Directly In Cell' box.

Summary Table 1 LSE Obligations		
Month of Filing:		Abbreviation
Peak Demand [Coincident Peak Hour Demand Forecast provided by CEC] (MW):	0.0	Filing Month Peak Demand
Forward Commitment Obligation for Year-Ahead [115% of Peak Demand] (MW):	0.0	FCO-115%
Demand Response available more than 2 hours per day [115% of Spreadsheet Tab DR-a] (MW):	0.0	DR-a
Demand Response available no more than 2 hours per day [115% of Spreadsheet Tab DR-b] (MW):	0.0	DR-b
Forward Commitment Obligation for Month-Ahead Minus Demand Response (MW):	0.0	FCO-DR

Summary Table 2 Total Claimed Resource Adequacy Capacity by Type of Capacity (MW)						
Type of Capacity (Double-Click on Yellow-Highlighted Cells below to go to Each Supporting Worksheet Tab)	Resource Adequacy Capacity (MW)	Sum of Resource Category 1	Sum of Resource Category 2	Sum of Resource Category 3	Sum of Resource Category 4	Percentage of All RA Resources
(A)	(B)	(C)	(D)	(E)	(F)	(G)
I. Physical Resources in ISO Control Area	0.0	0.0	0.0	0.0	0.0	#DIV/0!
II. Unit Contingent Resources from Outside the ISO Control Area	0.0	0.0	0.0	0.0	0.0	#DIV/0!
III. Non-Unit Contingent Resources from Outside the ISO Control Area	0.0	0.0	0.0	0.0	0.0	#DIV/0!
IV. Liquidated Damages Contracts that do not specify a Physical Source or Tie Point for the Energy	0.0	0.0	0.0	0.0	0.0	#DIV/0!
V. DWR Contracts	0.0	0.0	0.0	0.0	0.0	#DIV/0!
VII. RMR Condition 2 Allocation	0.0				0.0	#DIV/0!
Total Resource Adequacy Capacity	0.0	0.0	0.0	0.0	0.0	

Summary Table 3 115% Month Ahead Compliance Showing Claimed vs. Countable Load in Each Bucket (MW)					
Categories	Maximum Cumulative Contribution (MCC) Allowed (%)	Maximum Cumulative Countable Capacity Levels (MW) (J) = (I) x RAR = 0 MW	Claimed Resource plus countable from prior bucket (MW) (K) = (L) + Total of Table 2	Countable Cumulative Resource Adequacy Capacity (MW) (L) = Minimum of (J) or (K)	Countable Resource Adequacy Capacity (%) (M)
(H)	(I)	(J)	(K)	(L)	(M)
Category #1 Bucket	13.3%	0.0	0.0	0.0	#DIV/0!
Category #1,2 Buckets	18.6%	0.0	0.0	0.0	#DIV/0!
Category #1,2,3 Buckets	30.1%	0.0	0.0	0.0	#DIV/0!
Category #1,2,3,4 Buckets	100%	unrestricted	0.0	0.0	#DIV/0!

Summary Table 4 Resource Category by Bucket (MW)			
Categories	Claimed Resource Adequacy Capacity by Bucket (MW) (O) = Totals from Summary Table 2	Countable Resource Adequacy Capacity by Bucket (MW) (P)	Resource Adequacy Capacity Relative to 115% of RAR (Q)
(N)	(O)	(P)	(Q)
Resource Category #1 Bucket	0.0	0.0	#DIV/0!
Resource Category #2 Bucket	0.0	0.0	#DIV/0!
Resource Category #3 Bucket	0.0	0.0	#DIV/0!
Resource Category #4 Bucket	0.0	0.0	#DIV/0!
Cumulative Total	0.0	0.0	#DIV/0!

Cell Label Below -
Do Not Delete
MW

Summary Table 5 Minimum Required Compliance Showing by Category (MW)					
Categories	Minimum Cumulative Requirement (MCR) % (S)	Minimum Capacity Levels (MW) (T) = (S) x (RAR)	Countable Resource Adequacy Capacity (MW) (U) = Cumulative Values of (P)	(Short)/Long on Capacity (MW) (V) = (U) - (T)	Compliance Status (W) = "Compliant" when (V) is Greater Than or Equal to Zero (W)
(R)	(S)	(T)	(U)	(V)	(W)
Category #4 Bucket	69.9%	0.0	0.0	0.0	Compliant
Category #4, 3 Buckets	81.4%	0.0	0.0	0.0	Compliant
Category #4, 3, 2 Buckets	86.7%	0.0	0.0	0.0	Compliant
Category #4, 3, 2, 1 Buckets	100.0%	0.0	0.0	0.0	Compliant
Non- LD Contract Minimum	25%	0.0	0.0	0.0	Compliant

I. Physical Resources in ISO Control Area

[illegible]

III. Non-Unit Contingent Resource from Outside the ISO Control Area

Resource Category (MW)

IV. Liquidated Damages Contracts that do not specify a Physical Source or a Tie Point for the Energy	Resource Category (MW)

Subtotal

V. DWR Contracts

Tab: V_DWR_Contracts

